

## **Principles Adopted by the Urban Renewal Authority in Property Acquisition (Other than Industrial Properties)**

This pamphlet briefly outlines the principles adopted by the Urban Renewal Authority (“URA”) in the acquisition of properties (other than industrial properties) affected by URA’s urban renewal projects (“URA Projects”).

### **Domestic Properties**

1. URA will offer an owner-occupier of domestic property within a URA Project the market value (assessed on vacant possession basis) of the affected property plus an ex-gratia allowance, namely Home Purchase Allowance (“HPA”), for purchase of the affected property. The amount of HPA payable to individual owners is the difference between the value of a notional replacement flat and the market value of the property being acquired. The notional replacement flat is based on a seven-year-old flat of a size similar to the affected property and in the same locality. The notional replacement flat is assumed to be in a comparable quality building, situated in a similar locality in terms of characteristics and accessibility. The notional replacement flat will be situated at the middle floor of a notional building with average orientation, i.e. not facing south or west, and without sea view.
2. “Owner-occupier” here means an owner who occupies the affected property as his/her sole residence. If an owner does not reside in the affected property as his/her sole residence, the occupancy status of the affected property will be treated as “Vacant” and the owner will be offered Supplementary Allowance (“SA”) instead of HPA. SA is a percentage of HPA. The criteria for determining whether an owner occupies the affected property as his/her “sole residence” will be determined by URA according to URA’s prevailing policy.
3. An owner-occupier will be offered HPA for a maximum of three properties and for the fourth and subsequent properties in the same redevelopment project, an Additional Allowance (“AA”) will be offered instead. AA is equivalent to 5% of the market value (assessed on vacant possession basis) of the affected property. (Please see **Appendix I** for the examples of the calculation of HPA and **Appendix II** for the examples of different allowance(s) available.)
4. Property used as sole residence by an owner’s “immediate family members” will be treated as being occupied by the owner himself/herself as sole residence for the purpose of ascertainment of his/her eligibility for HPA. “Immediate family members” of an owner means parents, children, dependent brothers and sisters, grandparents, grandchildren, step-parents, spouse’s parents, and spouse’s step-parents.
5. An owner who leaves the affected property vacant will be offered the market value (assessed on vacant possession basis) of the affected property plus SA. In addition, URA will offer an Allowance for Vacant Property (“AVP”) to the owner who has (i) left the affected property vacant on the first day of the freezing survey conducted for the relevant URA Project (“FS Date”) and thereafter; (ii) accepted URA’s initial acquisition offer within the validity period of the offer; and (iii) sold the affected property with vacant possession to URA. AVP is equivalent to 2 times the amount of the Rateable Value of the affected property.
6. An owner who lets the affected property out will be offered the market value (assessed on vacant possession basis) of the affected property plus SA or AA.

7. An owner of tenanted or vacant properties will be offered SA for a maximum of two properties and for the third and subsequent properties in the same redevelopment project, only AA will be offered instead. AA is equivalent to 5% of the market value (assessed on vacant possession basis) of the affected property. (Please see **Appendix I** for the examples of the calculation of SA and **Appendix II** for the examples of different allowance(s) available.)
8. In addition to HPA, SA or AA, URA will offer an Incidental Cost Allowance (“ICA”) to owners of domestic properties to assist the owners’ payment of removal expenses and expenditure relating to the purchase of a domestic replacement property and the legal cost incurred in the sale of the affected properties to URA. The actual amount of ICA shall be determined and announced by URA as and when an offer to purchase is made for each individual project. If the owner does not accept the initial acquisition offer within the validity period of the offer but URA still decides to negotiate with the owner for the purchase of his/her property despite the lapse of the offer (which shall be at the absolute discretion of URA whether or not to do so), the amount of ICA will be deducted by 30%.
9. If the amount of necessary and reasonable expenses actually incurred by the owner of a domestic property in selling the affected property to URA, namely (i) legal cost incurred by selling the affected property to URA; (ii) stamp duty, agency fee and legal cost incurred in purchasing a domestic replacement property and (iii) removal cost, exceeds the amount of ICA offered by URA, the owner may be reimbursed with the difference (“the Expense”). In submitting a claim for reimbursement of the Expense, the owner may choose to submit “One-to-One” or “Split” or “Combined” claim for the reimbursement of the Expense according to the number of domestic property(ies) he/she sold to URA and the number of domestic replacement property(ies) (Please see **Appendix III** for examples) subject to the following eligibility criteria:
  - (1) The owner must have acquired the affected property before FS Date;
  - (2) The owner must have accepted the initial acquisition offer of URA within the validity period of the offer;
  - (3) The reimbursement claim must be made within 12 months from the date of the assignment of the affected property sold to URA, and the reimbursable amount must be the actual expenses already paid by the owner within 12 months after the property is sold to URA. If the owner sells more than one domestic property to URA and chooses to make one single claim for the reimbursement of the Expense against more than one affected property sold to URA, the date of the assignment of the last affected property sold to URA shall be adopted as the date of commencement of the said 12-month period to make the claim;
  - (4) The domestic replacement property must be located in Hong Kong and must be purchased after the date of issuance of initial acquisition offer by URA; and
  - (5) The owner should be the sole registered owner or one of the registered owners of the domestic replacement property, and his/her interest in the replacement property must be recorded in the land register.
10. In general, the principles in assessing the reimbursable amount of the Expense as described in Paragraph 9 above are:
  - (1) The reimbursable amount for stamp duty should be calculated at the lower rates (Scale 2) of the ad valorem stamp duty payable for a domestic replacement property;

- (2) The reimbursable amount for real estate agency fee should follow the general market practice but not exceed 1% of the purchase price of the domestic replacement property;
- (3) The reimbursable amounts in both item (1) and item (2) above will be subject to a ceiling to be calculated on the basis of a domestic replacement property with a purchase price of 110% of the total of (i) the market value of the affected property sold to URA and (ii) the sum of HPA or SA or AA (excluding AVP and ICA) as stipulated in the initial acquisition offer of URA;
- (4) For the avoidance of doubt, if the owner chooses to make one single claim for the reimbursement of the Expense against more than one affected property sold to URA, the basis for calculating the ceiling of items (1) and (2) above shall be the aggregate of the ceiling of each individual property sold to URA;
- (5) The number of domestic replacement property(ies) used in making a claim for reimbursement of legal cost and removal cost in an application shall not exceed the number of domestic property(ies) sold to URA in the same application;
- (6) URA will only reimburse the Expense for Domestic Property which is reasonable, absolutely necessary and actually paid by the owner in relation to the expenses described above;
- (7) The owner should provide sufficient documentary evidence for the Expenses for Domestic Property submitted in the reimbursement claim; and
- (8) URA will consider each reimbursement claim on its own merits, and URA has the sole discretion in determining the amount of the Expenses for Domestic Property reimbursable (whether in whole or in part) in each case.

11. If a domestic property has been sub-divided into several flats with undivided shares (“sub-divided flat”) before the FS date and an owner-occupier of a sub-divided flat elects not to receive the HPA or AA, subject to eligibility criteria and other requirements, such an owner-occupier will be offered re-housing.

12. The HPA or SA or AA may be payable for non-domestic property which has been issued with an occupation permit other than for domestic purpose but nevertheless has been used by the same owner for domestic purpose for a long time (generally about 10 years) in the following situation:

- (1) An owner-occupier who has used the affected property for domestic purposes for a long time will be offered market value (assessed on vacant possession basis) of the affected property plus the higher of:
  - (i) HPA or AA and ICA as a domestic property; and
  - (ii) the allowances applicable to owner-occupied non-domestic properties (other than Industrial Properties).
- (2) An owner of tenanted property which has been occupied for domestic purpose for a long time will be offered market value (assessed on vacant possession basis) of the affected property plus the higher of:
  - (i) SA or AA and ICA as a domestic property less the Ex-gratia Allowance payable to a domestic tenant occupying the whole property; and

- (ii) the allowances applicable to tenanted non-domestic properties (other than Industrial Properties).

13. For URA Projects which are commenced after the promulgation of the new Urban Renewal Strategy on 24 February 2011:

- (1) Subject to the conditions and provisions contained in the “Urban Renewal Authority Flat-for-Flat Scheme Pamphlet” (“the Pamphlet”), eligible owner-occupiers of domestic properties in URA Projects, who will be offered HPA, can opt to participate in URA’s “Flat-for-Flat” Scheme (“the Scheme”). For details of the Scheme, please refer to the Pamphlet which will be available when an offer to purchase is made for each individual project.
- (2) Elderly owners of tenanted domestic properties in URA Project may apply for the Elderly Domestic Owner-Landlords Compassionate Allowance (“EDOLCA”) in addition to the market values of their properties and SA as described in Paragraph 6 above, subject to the eligibility criteria set by URA. Eligible elderly owners can apply for EDOLCA after receiving URA’s initial acquisition offers. EDOLCA is only payable to eligible elderly owners who have accepted the initial acquisition offers of URA within the validity period of the offer. Please refer to the pamphlet of *“Elderly Domestic Owner-Landlords Compassionate Allowance”* for details of the eligibility criteria and the arrangement.

### **Non-domestic Properties (Other than Industrial Properties)**

14. URA will offer an owner of a non-domestic property (other than industrial property) the market value of the affected property (assessed on vacant possession basis) and an ex-gratia allowance. The amount of the allowance for tenanted or vacant non-domestic property (other than industrial property) is equivalent to 10% of its market value (assessed on vacant possession basis) or one time its Rateable Value, whichever is higher. In addition, URA will offer AVP at 2 times the amount of the Rateable Value of the affected property to the owner who has (i) left the affected property vacant on the FS Date and thereafter; (ii) accepted URA’s initial acquisition offer within the validity period of the offer; and (iii) sold the affected property with vacant possession to URA. The amount of allowance for owner-occupied non-domestic property (other than industrial property) is equivalent to 35% of its market value (assessed on vacant possession basis) or 4 times its Rateable Value, whichever is higher. “Owner-occupier” here means an owner who occupies and operates his/her business in the affected property.

15. In addition to the allowance described in Paragraph 14 above, an additional payment of the Ex-gratia Business Allowance (“EGBA”) is payable to an owner-occupier of non-domestic property (other than industrial property) who had commenced occupying the premises for business use before the FS Date and have accepted the initial acquisition offer from URA both unconditionally and within the validity period of the offer. The amount of EGBA is directly proportional to the number of years of continuous operation by the owner-occupier as business owner in the affected property. In calculating the total number of years of continuous operation, the last date of the continuous operation is set at 2 years from the date on which URA issues initial acquisition offer to the property owner. The amount of EGBA is payable at a rate of 0.1 times the Rateable Value for each year that the owner-occupier has operated the business as the business owner in the property concerned, subject to a maximum of 30 years. For an incomplete year, the amount of EGBA is calculated on

a pro-rata basis to the nearest month. The amount of EGBA is subject to a maximum amount of \$700,000 and a minimum amount as described in the table below:

<b>Continuous Operation for</b>	<b>Minimum Amount of EGBA</b>
(a) 10 years or less	HK\$110,000 (effective from 1 April 2025 and subject to annual review)
(b) More than 10 years (maximum 30 years)	The minimum amount for (a) above plus an additional HK\$10,000 for each completed year after 10 years.

In applying for EGBA, an owner-occupier is required to substantiate the period of continuous operation in the property as business owner. The owner-occupier may choose to claim for severance payments payable to his/her employees under the Employment Ordinance (Chapter 57) as an alternative to EGBA.

16. URA will also offer ICA to owners of non-domestic properties (other than industrial property) to assist their payment of expenditure relating to the purchase of a non-domestic replacement property and the legal cost incurred in the sale of the affected properties to URA. The amount of ICA payable is 5% of the market value (assessed on vacant possession basis) of the affected property. Payment of the ICA is subject to the condition that the owner must have accepted the initial acquisition offer of URA within the validity period.
17. If the amount of necessary and reasonable expenses actually incurred by the owner in selling the affected non-domestic property to URA, namely (i) legal cost incurred by selling the affected non-domestic property to URA and (ii) stamp duty, agency fee and legal cost incurred in purchasing a non-domestic replacement property, exceeds the amount of ICA offered by URA, the owner may be reimbursed with the difference (“the Expense for Non-domestic Property”). In submitting a claim for reimbursement of the Expense for Non-domestic Property, the owner may choose to submit “One-to-One” or “Split” or “Combined” claim for the reimbursement of the Expense for Non-domestic Property according to the number of non-domestic property(ies) he/she sold to URA and the number of non-domestic replacement property(ies) (Please see **Appendix III** for examples) subject to the following eligibility criteria:
  - (1) The owner must have acquired the affected property before FS Date;
  - (2) The owner must have accepted the initial acquisition offer of URA within the validity period of the offer;
  - (3) The reimbursement claim must be made within 12 months from the date of the assignment of the affected property sold to URA, and the reimbursable amount must be the actual expenses already paid by the owner within 12 months after the property is sold to URA. If the owner sells more than one non-domestic property to URA and chooses to make one single claim for the reimbursement of the Expense for Non-domestic Property against more than one such affected property, the date of the assignment of the last affected property sold to URA shall be adopted as the date of commencement of the said 12-month period to make the claim;
  - (4) The non-domestic replacement property must be located in Hong Kong and must be purchased after the date of issuance of initial acquisition offer by URA; and
  - (5) The owner should be the sole registered owner or one of the registered owners of the non-domestic replacement property, and his/her interest in the replacement property must be recorded in the land register.

18. In general, the principles in assessing the reimbursable amount of the Expense for Non-domestic Property as described in Paragraph 17 above are:
  - (1) The reimbursable amount for stamp duty shall be calculated at Scale 2 rates of the ad valorem stamp duty payable for a non-domestic replacement property;
  - (2) The reimbursable amount for real estate agency fee should follow the general market practices but not exceed 1% of the purchase price of the non-domestic replacement property;
  - (3) The reimbursable amounts in both item (1) and item (2) above will be subject to a ceiling to be calculated on the basis of a non-domestic replacement property with a purchase price of 110% of the market value of the affected property sold to URA as stipulated in the initial acquisition offer of URA;
  - (4) For the avoidance of doubt, if the owner chooses to make one single claim for the reimbursement of the Expense for Non-domestic Property against more than one affected property sold to URA, the basis for calculating the ceiling of items (1) and (2) above shall be the aggregate of the ceiling of each individual property sold to URA;
  - (5) The number of non-domestic replacement property(ies) used in making a claim for reimbursement of legal cost in an application shall not exceed the number of non-domestic property(ies) sold to URA in the same application;
  - (6) URA will only reimburse the Expense for Non-domestic Property which is reasonable, absolutely necessary and actually paid by the owner in relation to the expenses described above;
  - (7) The owner should provide sufficient documentary evidence for the expenses submitted with the reimbursement claim; and
  - (8) URA will consider each reimbursement claim on its own merits, and URA has the sole discretion in determining the amount of the Expenses for Non-domestic Property reimbursable (whether in whole or in part) in each case.
19. An owner-occupier may choose to claim for business loss as an alternative to all the above-mentioned allowances for an affected non-domestic property.

### **Domestic Properties being used for Non-domestic Purposes**

20. If an affected property with an occupation permit for domestic use has been used for non-domestic purpose, the owner-occupier will be offered market value (assessed on vacant possession basis) of the affected property plus the higher of:
  - (1) the allowances applicable to owner-occupied non-domestic properties (other than industrial properties); and
  - (2) SA or AA and ICA for domestic properties.
21. An owner of an affected property with an occupation permit for domestic use being leased out for non-domestic use will be offered market value (assessed on vacant possession basis) of the affected property plus the higher of:
  - (1) the allowances applicable to tenanted non-domestic properties (other than industrial properties); and

(2) SA or AA plus ICA for domestic properties less 3 times the Rateable Value of the affected property.

#### **Separate Rooftop Interest (Not ancillary to any Domestic/Non-domestic Property)**

22. The title of the rooftop property must be legal, and only applicable to the owner not holding any domestic/non-domestic property in the same building.

23. An owner of a tenanted rooftop property will be offered the market value of the property on an open roof basis (disregarding any illegal structure or any rent passing) plus an allowance at 10% of the said market value.

24. An owner of a vacant rooftop property will be offered the market value of the property on an open roof basis (disregarding any illegal structure) plus:

- (1) an allowance at 10% of the said market value; and
- (2) AVP at 2 times of the Rateable Value of the affected rooftop property provided that the owner has (i) left the rooftop property vacant on the FS Date and thereafter; and (ii) accepted the initial acquisition offer within the validity period of the offer; and (iii) sold the affected rooftop property with vacant possession to URA.

25. An owner-occupier of a rooftop property will be offered the market value of the property on an open roof basis (disregarding any illegal structure) plus:

- (1) (i) an allowance at 10% of the market value (on open roof basis disregarding any illegal structure) of the rooftop property; and (ii) an allowance equivalent to an ex-gratia allowance payable to a tenant occupying the rooftop property provided that the owner-occupier has accepted the initial acquisition offer within the validity period of the offer; or
- (2) If the owner-occupier fulfills the normal eligibility criteria for public rental housing application of Hong Kong Housing Authority or Hong Kong Housing Society, he/ she may opt for re-housing in lieu of all the allowances stated in Paragraph 25(1) above.

26. If an owner accepts the initial acquisition offer of URA within the validity period, he/she will also receive an ICA at 5% of the market value of the property on an open roof basis (disregarding any illegal structure). If the amount of necessary and reasonable expenses actually incurred by the owners exceeds the amount of ICA offered by URA i.e. (i) the legal cost necessarily incurred in selling the affected property to URA and purchasing a replacement property; and (ii) the stamp duty and agency fee necessarily incurred in purchasing a replacement property, the owner may claim for reimbursement of the difference in accordance with the same criteria and principles described in Paragraphs 17 to 18 above but the replacement property must be a separate rooftop interest.

#### **Buildings in Single Ownership**

27. An owner of a building in single ownership will be offered the higher of (1) and (2) below:

- (1) The total amount of the existing use values of individual units of the building plus the allowances applicable to the non-domestic units (if any) of the building and the allowances applicable to the domestic units (if any) of the building, as if the building is in multiple ownership.

- (2) The redevelopment value of the building (assuming redevelopment of the building on its own, if applicable) plus:
  - (i) an ex-gratia allowance at 5% of the redevelopment value; and
  - (ii) ICA at 5% of the redevelopment value, subject to the condition that an owner must have accepted the initial acquisition offer of URA within the validity period. An owner may claim for reimbursement of the actual expenses in selling the affected building to URA and purchase of a replacement building in accordance with the same criteria and principles described in Paragraphs 17 to 18 above but the replacement property must be a building in single ownership.

### **Vacant Sites**

28. An owner of a vacant site will be offered:

- (1) the redevelopment value of the vacant site (assuming redevelopment of the site on its own, if applicable);
- (2) an allowance at 5% of the redevelopment value; and
- (3) ICA at 5% of the redevelopment value, subject to the condition that an owner must have accepted the initial acquisition offer of URA within the validity period of the offer. An owner may claim for reimbursement of the actual expenses in purchasing a replacement site in accordance with the same criteria and principles as described in paragraphs 17 to 18 above but the replacement property must be a vacant site.

### **Car-parking Space or External Wall Interest**

29. An owner of a car-parking space or external wall interest will receive the market value of the car-parking space or external wall interest (assessed on vacant possession basis) plus:

- (1) an allowance equivalent to 10% of its market value (assessed on vacant possession basis); and
- (2) an allowance equivalent to the Rateable Value of the car-parking space or external wall interest if the car-parking space or external wall interest is used by the owner.

30. If an owner accepts the initial acquisition offer of URA within the validity period, he/she will also receive an ICA at 5% of the market value (assessed on vacant possession basis) of the affected car-parking space or external wall interest. If the amount of necessary and reasonable expenses actually incurred by the owners exceeds the amount of ICA offered by URA i.e. (i) the legal cost necessarily incurred in selling the affected property to URA and purchasing a replacement property; and (ii) the stamp duty and agency fee necessarily incurred in purchasing a replacement property, the owner may claim for reimbursement of the difference in accordance with the same criteria and principles described in Paragraphs 17 to 18 above but the replacement property must be a car-parking space or an external wall interest (as the case may be).

### **Other General Rules**

31. Calculation of the market value of a property is based on the saleable area of the property. The definition of saleable area shall follow the Code of Measuring Practice issued in March 1999 and the Supplement to the Code of Measuring Practice issued in July 2014 by the Hong Kong Institute of Surveyors. Subject always to the owner having good title to the

property or any part thereof, area calculations may be based on the boundary of the property as delineated on the assignment plan and the area as measured from the latest relevant building plans approved by the Buildings Department (if any).

32. For the purpose of calculating the value of the notional replacement flat, URA will appoint seven professional surveyor firms to provide the assessments.
33. URA will provide an allowance to the owner, who has employed a professionally qualified surveyor to assess the market value of the affected property (which shall not include any allowance, such as HPA and SA etc.), as a subsidy for the owner's payment of the surveyor's fees for the relevant services. Please refer to the pamphlet of "Allowance for Surveyor's Fees" for details of the arrangement.
34. If an owner has held the affected property for redevelopment purpose on the FS Date, and the undivided shares of the property in the concerned building lot(s) of a redevelopment project have reached the applicable threshold for compulsory sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545) or the Land (Compulsory Sale for Redevelopment)(Specification of Lower Percentage) Notice for the concerned lot(s), and fulfills the eligibility criteria stipulated by the URA, he/she may apply for a refund of the Buyer's Stamp Duty or/and partial Ad Valorem Stamp Duty paid for the purchase of the affected property. The refund is subject to the condition that an eligible owner must have accepted the initial acquisition offer of URA within the validity period of the offer. For details of eligibility criteria and arrangement, owner should reach out to their designated case officer.
35. If an owner only purchased the affected property in the project on/after the FS Date, URA will not pay to such owner any of the above-mentioned HPA, SA, AA, AVP, EDOLCA, ICA, rehousing arrangement or any allowances applicable to non-domestic property, separate rooftop interest, car-parking space, external wall interest, single-owned building and vacant site. In general, URA will only pay (i) an allowance equivalent to the Rateable Value of the affected property, and (ii) if the property is used by the owner, an allowance equivalent to the prevailing ex-gratia allowance offered by the Lands Department on resumption by the Government.
36. URA will consider acquiring property from a holder of a valid adverse possessory order granted by the Court in favour of him/her. Depending on the circumstances of individual cases, URA may impose appropriate additional requirements to safeguard the interest of URA when acquiring properties with adverse possessory title.
37. URA will not purchase a structure which is not erected in compliance with the Buildings Ordinance or the terms of the Government lease and no value, compensation or allowance will be paid by URA in respect of such structure.
38. If an owner is found to have given false or misleading information to URA, URA reserves the right to revise its offers and/or take legal action against such owner and/or report the matter to relevant enforcement authorities.
39. In line with URA's prevailing principles and practices for property acquisition, URA's acquisition offer is based on the occupancy status of the owner's property on the FS Date and the time of the acquisition offer. One of these principles is that if the owner's property was owner-occupied on the FS Date but is currently let out or no longer owner-occupied at the

time of URA's acquisition offer, the owner will only receive allowances applicable for the acquisition of the affected property on a tenanted or vacant basis under normal circumstances.

### **Important Notes**

40. *Particularly, URA would draw the attention to owners whose properties had been tenanted out on the FS Date that URA will not make a higher offer to them to acquire their properties in the following situations:*
  - (1) *the owners have subsequently obtained possession and occupied their properties for their own self-use; or*
  - (2) *the owners have entered into new tenancies, whether with the existing tenants or new tenants; or*
  - (3) *the properties are subsequently left vacant.*
41. *URA would remind owners that it is an offence for a landlord to unlawfully deprive a tenant of occupation of property or to make an unwarranted demand with menaces with a view to gaining for himself/herself or others or to defraud against URA. URA will report to the enforcement authorities on all cases of suspected criminal offences.*
42. According to Social Welfare Department (SWD)'s prevailing policy, the Comprehensive Social Security Assistance (CSSA) Scheme and the Old Age Living Allowance (OALA) of the Social Security Allowance Scheme, are non-contributory social security measures. Applicants are required to go through a means test. The ex-gratia allowance, compensation or cash allowance received by CSSA/OALA applicants/recipients for the property being acquired/resumed by URA for the implementation of redevelopment projects should be disregarded as assets and income for three months from the date of receipt. Thereafter, the unspent amount is treated as savings. CSSA/OALA applicants/recipients are required to report any changes in the circumstances (including the receipt of the aforementioned compensation from URA) immediately to SWD.

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**This pamphlet is issued for the purpose of general reference only. The information contained herein is with reference to the principles and practice of the Urban Renewal Authority prevailing at the date of issue of this pamphlet. It shall not constitute any representation on the part of the Urban Renewal Authority or give rise to any expectation whatsoever and shall not be relied on as such. Each case will be considered on its own merits having regard to all factors and circumstances. The terms of acquisition to be offered are subject to the principles and practice of the Urban Renewal Authority prevailing at the time the offer of acquisition is made and are subject to review from time to time as the Urban Renewal Authority shall at its absolute discretion consider appropriate. The Urban Renewal Authority's right to add to, amend or delete the whole or any part of this pamphlet is hereby reserved.**

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### **Examples (Domestic Properties)**

(Figures are based on assumption and for reference only)

Assuming the market value of a domestic flat on vacant possession (VP) basis is HK\$800,000 and the value of a notional replacement flat is HK\$2,000,000. The HPA will then be HK\$1,200,000.

#### **Example One**

An owner of the above domestic flat who lets out the entire flat

This owner will get the market value of his flat (on VP basis) of HK\$800,000 and SA of HK\$600,000 (HK\$1,200,000 x 50%). In total, this owner will receive HK\$1,400,000.

#### **Example Two**

An owner of the above domestic flat who occupies half of the flat and leases out the other half

This owner will get the market value of his flat (on VP basis) of HK\$800,000 and HPA of HK\$600,000 for the owner-occupied portion and SA of HK\$450,000 (HK\$600,000 x 75%) for the tenanted portion. In total, this owner will receive HK\$1,850,000.

#### **Example Three**

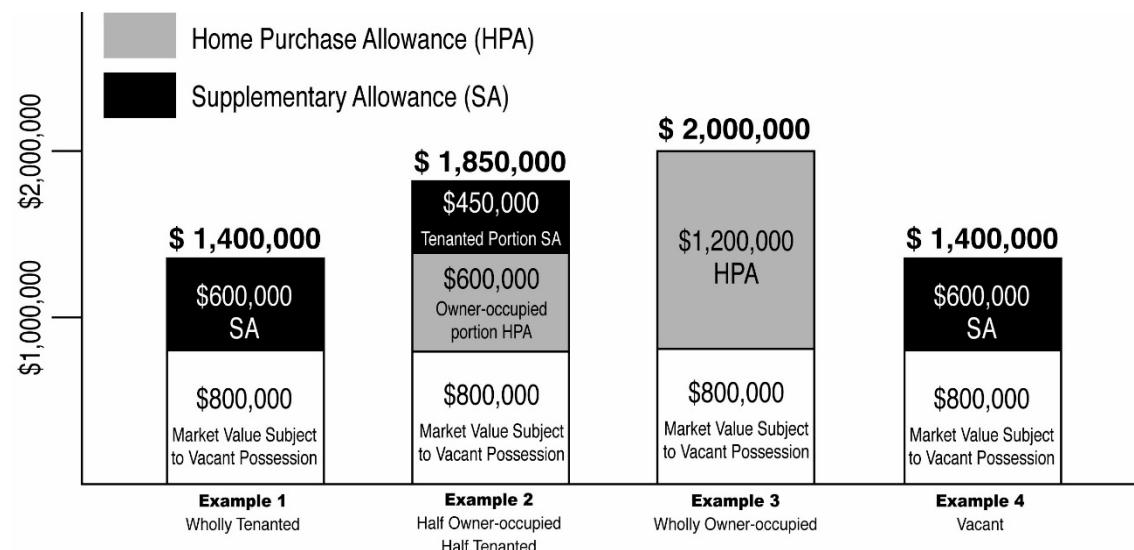
An owner of the above domestic flat who occupies the entire flat for his own use

This owner will get the market value of his flat (on VP basis), which is HK\$800,000, plus HPA which is HK\$1,200,000. In total, this owner will receive HK\$2,000,000.

#### **Example Four**

An owner of the above domestic flat who leaves the entire flat vacant

The owner will get the market value of his flat (on VP basis), which is HK\$800,000, plus SA of HK\$600,000 (HK\$1,200,000 x 50%). In total, this owner will receive HK\$1,400,000.



**Domestic Properties – Diagrammatic Illustration of HPA, SA, AA & EUV**



**One Flat**

Occupation Status	HPA	SA	Market Value
1 Owner-occupied	100%		EUV(VP)
2 Partially Owner-occupied & Partially Tenanted	Owner-occupied portion: 100%	Tenanted portion: 75%	EUV(VP)
3 Wholly Tenanted		50%	EUV(VP)
4 Vacant		50%	EUV(VP)



**Two Flats**

Occupation Status	HPA	SA	Market Value
5 Owner-occupied	100%		EUV(VP)
6 Owner-occupied	100%		EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied portion: 100%	Tenanted portion: 75%	EUV(VP)
7 Owner-occupied	100%		EUV(VP)
Wholly Tenanted		50%	EUV(VP)
8 Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted portion: 75%	EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied portion: 100%	Tenanted portion: 75%	EUV(VP)
9 Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted portion: 75%	EUV(VP)
Wholly Tenanted		50%	EUV(VP)
10 Wholly Tenanted		50%	EUV(VP)
Wholly Tenanted		25%	EUV(VP)
11 Vacant		50%	EUV(VP)
Vacant		25%	EUV(VP)

**Abbreviations:**

HPA	Home Purchase Allowance
SA	Supplementary Allowance
AA	Additional Allowance
EUV	Existing Use Value
VP	Vacant Possession

**Domestic Properties – Diagrammatic Illustration of HPA, SA, AA & EUV**



Three Flats

Occupation Status	HPA	SA	AA	Market Value
<b>12</b> Owner-occupied	100%			EUV(VP)
Owner-occupied	100%			EUV(VP)
Owner-occupied	100%			EUV(VP)
<b>13</b> Owner-occupied	100%			EUV(VP)
Owner-occupied	100%			EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
<b>14</b> Owner-occupied	100%			EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
<b>15</b> Owner-occupied	100%			EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Wholly Tenanted		50%		EUV(VP)
<b>16</b> Owner-occupied	100%			EUV(VP)
Owner-occupied	100%			EUV(VP)
Wholly Tenanted		50%		EUV(VP)
<b>17</b> Owner-occupied	100%			EUV(VP)
Wholly Tenanted		50%		EUV(VP)
Wholly Tenanted		25%		EUV(VP)
<b>18</b> Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)

Occupation Status	HPA	SA	AA	Market Value
<b>19</b> Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Wholly Tenanted		50%		EUV(VP)
<b>20</b> Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
Wholly Tenanted		50%		EUV(VP)
Wholly Tenanted		25%		EUV(VP)
<b>21</b> Wholly Tenanted		50%		EUV(VP)
Wholly Tenanted		25%		EUV(VP)
Wholly Tenanted		EUV(VP) 5%		EUV(VP)
<b>22</b> Vacant		50%		EUV(VP)
Vacant		25%		EUV(VP)
Vacant		EUV(VP) 5%		EUV(VP)

## Appendix II

### Domestic Properties – Diagrammatic Illustration of HPA, SA, AA & EUV

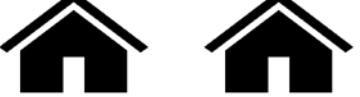


#### Four Flats

Occupation Status	HPA	SA	AA	Market Value
23 Owner-occupied Owner-occupied Owner-occupied Owner-occupied	100%			EUV(VP)
				EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
24 Owner-occupied Owner-occupied Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted	100%			EUV(VP)
	100%			EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
25 Owner-occupied Partially Owner-occupied & Partially Tenanted Wholly Tenanted Wholly Tenanted	100%			EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
		50%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
26 Owner-occupied Owner-occupied Partially Owner-occupied & Partially Tenanted Wholly Tenanted	100%			EUV(VP)
	100%			EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
27 Owner-occupied Owner-occupied Wholly Tenanted Wholly Tenanted	100%			EUV(VP)
	100%			EUV(VP)
		50%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
28 Owner-occupied Wholly Tenanted Wholly Tenanted Wholly Tenanted	100%			EUV(VP)
				EUV(VP)
		50%		EUV(VP)
				EUV(VP)
		25%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)

Occupation Status	HPA	SA	AA	Market Value
29 Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
		EUV(VP) 5%		EUV(VP)
30 Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Wholly Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
		EUV(VP) 5%		EUV(VP)
31 Partially Owner-occupied & Partially Tenanted Partially Owner-occupied & Partially Tenanted Wholly Tenanted Wholly Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
		50%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
32 Partially Owner-occupied & Partially Tenanted Wholly Tenanted Wholly Tenanted Wholly Tenanted	Owner-occupied Portion: 100%	Tenanted Portion: 75%		EUV(VP)
		50%		EUV(VP)
		25%		EUV(VP)
				EUV(VP)
		EUV(VP) 5%		EUV(VP)
33 Wholly Tenanted Wholly Tenanted Wholly Tenanted Wholly Tenanted			50%	EUV(VP)
			25%	EUV(VP)
			EUV(VP) 5%	EUV(VP)
			EUV(VP) 5%	EUV(VP)
34 Vacant Vacant Vacant Vacant			50%	EUV(VP)
			25%	EUV(VP)
			EUV(VP) 5%	EUV(VP)
			EUV(VP) 5%	EUV(VP)

**Diagrammatic Examples of Owner's Application for Reimbursement of Expenses**

Examples of Application	Number of Affected Property(ies) Sold to URA	Number of Replacement Property(ies) Purchased by Owner
<b>One-to-One</b>	 Legal Cost and Removal Cost of the affected property can be applied for reimbursement	 Stamp Duty, Estate Agency Fee and Legal Cost of replacement property can be applied for reimbursement
<b>Split</b>	 Legal Cost and Removal Cost of the affected property can be applied for reimbursement	 Stamp Duty and Estate Agency Fee can be applied for reimbursement for two replacement properties Legal Cost can be applied for reimbursement for one of the replacement properties
<b>Combined</b>	 Legal Cost and Removal Cost can be applied for reimbursement (so forth and so on)	 Stamp Duty, Estate Agency Fee and Legal Cost can be applied for reimbursement

**Notes:**

1. The reimbursable amounts of stamp duty and estate agency fee will be subject to a ceiling to be calculated on the basis of 110% of the total of (i) the market value of the affected property sold to URA and (ii) the sum of HPA or SA or AA (excluding AVP and ICA) as stipulated in the initial acquisition offer of URA;
2. If the owner chooses to combine the claim for the reimbursement of the expense of more than one sold property under one claim, the basis for calculating the ceiling of stamp duty and estate agency fee in the application shall be the aggregate of the ceiling of each individual property sold to URA;
3. If the owner chooses to combine the claim for the reimbursement of the expense of more than one sold property under one claim, the date of the assignment of the last affected property sold to URA shall be adopted as the date of commencement of the 12-month period to make a claim;
4. The number of replacement property(ies) for reimbursement of legal cost and \*removal cost (\* not applicable to non-domestic properties) in an application shall not exceed the number of property(ies) sold to URA in the same application.