

Urban Renewal Authority
Elderly Domestic Owner-Landlords Compassionate Allowance (EDOLCA)

This leaflet briefly outlines the policy of Elderly Domestic Owner-Landlords Compassionate Allowance (“Allowance”) of the Urban Renewal Authority (“URA”). The Allowance is introduced to assist elderly owner-landlords who depend on the rental income from their sole and rented out property to sustain their livelihood. The Allowance is only applicable in URA’s projects which commenced after the promulgation of the new Urban Renewal Strategy on 24 February 2011.

Overview

1. For elderly owner-landlord whose sole domestic property in Hong Kong falls within URA’s redevelopment project (“Affected Property”) and are compelled by health, financial or family reasons to stay elsewhere but not in the Affected Property, and depend on the rental income from the Affected Property to sustain their livelihood, URA will offer the Allowance to eligible elderly owner-landlords on compassionate ground.

Calculation of Allowance

2. According to the prevailing acquisition policy of URA, owners of domestic tenanted properties are entitled to market value of the property on vacant possession basis and a Supplementary Allowance (“SA”). Eligible elderly owner-landlords are also entitled to the Allowance. The amount of the Allowance is firstly assuming the elderly owner-landlords are living in the Affected Property and occupying a notional area. The notional occupied area is eligible for 100% Home Purchase Allowance (“HPA”), while the remaining tenanted area is eligible for SA which equals to 75% of HPA. The Allowance is, therefore, the difference between the total amount of the two sums and the SA.
3. URA would calculate the notional occupied area according to the number of family members living together with the elderly owner-landlord (if any). The calculation would be as below:

Elderly owner-landlord plus number of family members living together with the elderly owner-landlord (if any)	Notional Occupied Area (m ²)
1 Person (i.e. Elderly owner-landlord)	10
2 Persons (including the elderly owner-landlord)	20
3 Persons or above (including the elderly owner-landlord)	30

4. Examples for calculation of the Allowance are given in Appendix I.

Eligibility

5. To be eligible for the Allowance, the elderly owner-landlord (“Applicant”) must fulfill all requirements as follows :-
 - (i) The Applicant must be aged 60 or above (as shown on HKID card or passport) at the date of URA’s initial acquisition offer. If he/she is below 60 at the date of initial acquisition offer, he/she will still be eligible if he/she will reach 60 on his/her next birthday.
 - (ii) The Applicant must be a registered owner of the Affected Property. If the Affected Property is owned by a company, the Applicant must be a shareholder of the company. Save and except the Affected Property, unless there are special reasons or the Applicant is in hardship, the Applicant does not, whether in his own name or jointly with others(s), or in company’s name, own any other property in Hong Kong.
 - (iii) The Applicant rents out the Affected Property due to financial, health or family reasons.
 - (iv) The Applicant has not received any form of compensation from URA or Hong Kong Housing Society within two years prior to the date of the URA’s Freezing Survey or at any time on and after the date of Freezing Survey up to the date of sale of the Affected Property to URA.
 - (v) At the date of initial acquisition offer, the Applicant’s total net value of assets (excluding the market value of the Affected Property) must not exceed the asset level for elderly persons for the Public Rental Housing application under the General Waiting List of Hong Kong Housing Authority.
 - (vi) The Applicant must accept the initial acquisition offer made by URA to him unconditionally within the validity period of the initial acquisition offer.

Others

6. The Applicant, who would like to apply for the Allowance, should accept the initial acquisition offer unconditionally and submit the completed EDOLCA Assessment Form within the validity period of the initial acquisition offer.
7. The Applicant shall provide URA with sufficient document proofs for information provided in the Assessment Form for verification.
8. Upon receipt of the Assessment Form and all the document proofs, URA will assess whether the Applicant has fulfilled all the eligibility requirements. If the Applicant is eligible for the Allowance, URA will notify the Applicant the approval of his application and the amount of the Allowance, and the Allowance will be paid to the Applicant (i) within 10 working days after the date of the notification or (ii) on the completion of the sale and purchase of the Property (whichever is the later) to the Applicant.

9. If the Affected Property is owned by joint owners (whether as joint tenants or tenants in common) / by company, the eligibility of the Applicant (whether as one of the joint owners or a shareholder of the company) will be subject to the same principles applicable to individual owner applicants. The Allowance payable to the Applicant (as one of the joint owners or a shareholder in the company) will be calculated pro rata to the shares of the Applicant as the joint owner or his shareholding in the company.
10. If the Applicant (whether as one of the joint owners or a shareholder of the company) is assessed as eligible for the Allowance, in calculating the amount of Allowance payable to the Applicant, URA will consider the relationship between the Applicant and the other joint owner or the shareholder of that company of the Affected Property, as the case maybe. If the other joint owner or the shareholder of the company of the Affected Property is an “immediate family member” of the Applicant, URA will consider the background of ownership transfer of the Affected Property in calculating the amount of Allowance payable to the Applicant. “Immediate family members” of an Applicant means spouse, parents, children, dependent brothers and sisters, grandparents, grandchildren, stepparents, spouse’s parents and spouse’s stepparents.
11. If any person is found to have given incorrect or false information to mislead or deceive URA with a view to obtain gain, URA reserves its right to take legal action against such persons and will report to the enforcement authorities on all cases of suspected criminal offences.

This leaflet 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 leaflet. 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 leaflet is hereby reserved.

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Appendix I

Examples for calculation of the Allowance

(Figures are based on assumption and for reference only)

Assuming the market value of a domestic flat of 40 sq.m. on vacant possession basis is HK\$800,000 and the value of a notional replacement flat is HK\$2,000,000. The HPA is 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 vacant possession 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 eligible elderly domestic owner-landlord solely owns the above domestic flat and is living on his own and lets out the entire flat

This elderly owner-landlord will get the market value of his flat (on vacant possession basis) of HK\$800,000 and HPA of HK\$300,000 for the notional occupied portion at 10 sq.m. and SA of HK\$675,000 (HK\$900,000 x 75%) for the remaining tenanted portion. In total, this owner will receive HK\$1,775,000. In other words, the Allowance is \$375,000 (\$1,775,000 - \$1,400,000).

Example Three

An eligible elderly domestic owner-landlord solely owns the above domestic flat and is living with one family member and lets out the entire flat

This elderly owner-landlord will get the market value of his flat (on vacant possession basis) of HK\$800,000 and HPA of HK\$600,000 for the notional occupied portion at 20 sq.m. and SA of HK\$450,000 (HK\$600,000 x 75%) for the remaining tenanted portion. In total, this owner will receive HK\$1,850,000. In other words, the Allowance is \$450,000 (\$1,850,000 - \$1,400,000).

Example Four

An eligible elderly domestic owner-landlord solely owns the above domestic flat and is living with two family members or above and lets out the entire flat

This elderly owner-landlord will get the market value of his flat (on vacant possession basis) of HK\$800,000 and HPA of HK\$900,000 for the notional occupied portion at 30 sq.m. and SA of HK\$225,000 (HK\$300,000 x 75%) for the remaining tenanted portion. In total, this owner will receive HK\$1,925,000. In other words, the Allowance is \$525,000 (\$1,925,000 - \$1,400,000).

