TOWN PLANNING BOARD

TPB Paper No. 11070

For Consideration by
the Town Planning Board on 21.8.2026

INNOVATIVE MEASURES TO INCENTIVISE URBAN RENEWAL

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Innovative Measures to Incentivise Urban Renewal

1. Purpose

This paper seeks:

(a) to brief Members on the implementation details of two measures announced in the 2025 Policy Address to incentivise the market to undertake urban redevelopment projects and to make good use of new land including those in the Northern Metropolis (NM) to help drive redevelopment of old urban districts, namely (i) cross-district transfer of plot ratio (TPR) and (ii) the Bonus Plot Ratio (PR) Pilot Scheme[1]; and

(b) Members' agreement to the proposed revision to Town Planning Board Guidelines No. 43 for "Application for Transfer of Plot Ratio under Section 16 of the Town Planning Ordinance" (TPB PG-No. 43/the current TPR Guidelines) in order to implement cross-district TPR.

2. Need for Bolder Approaches to Encourage Private Sector Redevelopment

2.1 The problem of urban decay is becoming more and more acute. In the past decade, the number of buildings aged 50 years or above has increased by about 510 buildings per year, while on average, only 160 buildings were demolished by the Urban Renewal Authority (URA) and private sector each year for redevelopment. The number of buildings aged 50 years or above is projected to further increase to 16,900 in 2033 and then to 24,300 in 2043, increasing at a rate of 740 buildings annually on average. While not all buildings aged 50 years or above have to be demolished and the conditions of some old buildings can be improved through building maintenance and rehabilitation, the gap between the increasing number of old buildings aged 50 years or above and the number of old buildings being redeveloped is indeed huge and growing. Meanwhile, the number of financially viable redevelopment sites is diminishing, which further deters the private sector from initiating redevelopment projects.

2.2 While URA is an important partner of the Government in spearheading urban renewal work, the private sector plays an even greater role in taking forward urban redevelopment in the old districts, as evidenced by the fact that about 80% of new flats from all redevelopment projects in the past 10 years or so came from private development projects, with the other 20% from URA's projects. To further facilitate the private sector's consolidation of property titles for urban

[1] The Bonus PR Pilot Scheme was announced by the Government through press release issued on 19.8.2026 (www.info.gov.hk/gia/general/202608/19/P2026081900653.htm).

redevelopment, the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) (LCSRO) was amended in 2024 to lower the compulsory sale thresholds and facilitate adjoining-lot redevelopment in seven designated areas as set out in the Schedule to the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (Cap. 545A)[2]. So far, eight applications have been received by the Lands Tribunal since the commencement of the amended LCSRO.

2.3 Although the property market downturn in recent years would be one of the factors that had lowered developers' interest in redevelopment, market interest in taking forward redevelopment projects is often dampened by the lack of projects with sufficient market appeal. Developers need to spend a lot of effort on acquisition to consolidate the titles for redevelopment and many old buildings have reached their respective permissible PR caps, so the room for increasing the total gross floor area (GFA) after redevelopment (which could in turn lead to higher profit margins) will unlikely be significant. According to URA's earlier analysis (which has taken into account buildings aged 50 years or above, land use zonings with residential use and 25% profit assumption in assessment), more than 90% of the redevelopments in areas covered by the District Study for Yau Ma Tei and Mong Kok (YM Study) are not financially viable.

2.4 Combating the building ageing problem and enhancing liveability are of paramount importance to Hong Kong. In this connection, the Government has been taking various measures to expedite the urban renewal work. As the market has been assuming a heavy role in redevelopment, the need for stronger policy push to incentivise private redevelopment projects is obvious and warranted.

2.5 All the above point to the need for new mindset and bolder thinking to speed up redevelopment to arrest urban decay. Consideration should also be given to making good use of the new land available in the NM to support redevelopment of old urban districts.

2.6 Against this background, the 2025 Policy Address announced several measures, including the following two measures, to expedite urban renewal/redevelopment, namely:

(a) relaxing the existing TPR mechanism to allow cross-district transfer of GFA from "sending site(s)" (SS(s)) on one OZP to "receiving site(s)" (RS(s)) on another OZP, as well as refining the associated land premium assessment practice; and

(b) on a pilot basis, suitably increasing the PR of private redevelopment projects for the seven designated areas as set out in Cap. 545A[2], which are areas with more pressing redevelopment needs.

[2] According to Cap. 545A, the seven designated areas refer to areas included in the Cheung Sha Wan Outline Zoning Plan (OZP) No. S/K5/39 (the same OZP covering also Sham Shui Po), Ma Tau Kok OZP No. S/K10/30 (covering Kowloon City and To Kwa Wan), Mong Kok OZP No. S/K3/36, Sai Ying Pun & Sheung Wan OZP No. S/H3/34, Tsuen Wan OZP No. S/TW/35, Wan Chai OZP No. S/H5/31 and Yau Ma Tei OZP No. S/K2/24. While the said OZPs (with the exception of Sai Ying Pun & Sheung Wan OZP No. S/H3/34) have since been revised, the areas covered by the said OZPs have remain unchanged.

2.7 While the latter measure, namely the Bonus PR Pilot Scheme, will be briefly outlined in paragraph 5 below, this paper will mainly focus on the proposed revision to the existing TPR mechanism under TPB PG-No. 43 to facilitate the cross-district TPR mechanism.

3. The Existing TPR Arrangement

3.1 As one of the recommendations of the YM Study commissioned by URA, the Town Planning Board (the Board) promulgated TPB PG-No. 43 (**Appendix I**) in July 2023 to set out the TPR mechanism as a pilot in the Yau Ma Tei and Mong Kok districts.

3.2 The key objectives of the TPR mechanism are to channel development potential from small and isolated sites occupied by ageing dilapidated buildings with low redevelopment potential to more sizeable sites that are more suitable for higher development intensity, thereby incentivising the demolition/redevelopment of ageing dilapidated buildings; and facilitating a better restructuring and replanning in the old urban area while bringing planning gains to the community (including the preservation of buildings with conservation value).

3.3 The existing TPR mechanism allows applicants to transfer permissible GFA from an unlimited number of SS(s) to at most two RS(s) within the same OZP, i.e. the Mong Kok OZP or the Yau Ma Tei OZP. The transfer is capped at 30% of the maximum permissible PR/GFA of each RS (the 30% cap). To effect the transfer, a planning application under section 16 of the Town Planning Ordinance is required to demonstrate that the proposed residential, commercial or mixed residential/commercial development at the RS(s) with site area of not less than 1,000m^2 each is technically feasible and the ageing dilapidated building(s) at SS(s), except for historic buildings, will be demolished and made way for new public open spaces and/or government, institution or community (GIC) facilities or OZP-compliant development[3].

3.4 Since the promulgation of TPB PG-No. 43, URA has adopted the TPR concept in its Flower Market redevelopment project (i.e. the approved URA Sai Yee Street/Flower Market Road Development Scheme Plan No. S/K3/URA5/2), whereby the redevelopment potential of several small, scattered sites has been consolidated and transferred to a larger and more suitable site for mixed-use development. However, the response from the private sector has so far been lukewarm, which may be partly due to the softening property market in the past few years and partly due to implementation constraints of the existing TPR mechanism.

[3] In most cases, the maximum transferrable GFA of the SS will be transferred in full to the RS. However, for SS occupied by existing buildings of excessive development intensity, given the as-built GFA may be voluminous and not easily absorbed in full by the RS(s), transfer of GFA to RS(s) in part and redevelopment of the SS into new building(s) with the remaining GFA and in compliant with the permissible PR/GFA of the OZP may be considered. This arrangement is proposed to be retained in the revised TPR Guidelines.

4. <u>Proposed Revision to TPB PG-No. 43</u>

4.1 While the key objectives of the existing same-OZP TPR mechanism as set out in paragraph 3.2 above remain valid and relevant, we propose relaxing the existing TPR mechanism to allow cross-district TPR (or more precisely, cross-OZP TPR) with more flexible parameters so as to inject more flexibility in pairing up SS(s) and RS(s). With this relaxation, RS(s) can generally come from districts different from the SS(s) and covered by different OZPs such as those in the NM or other new development areas (NDAs) that have larger infrastructural capacity to take on additional developments. By doing so, it can also help reduce the development intensity in the urban area. The key details of the cross-district TPR mechanism are outlined in this paper and elaborated in the draft revised TPB PG-No. 43A (**Appendix II**), which provides improved illustrations and a new checklist to facilitate understanding of the mechanism. Key features of the enhanced TPR proposal are summarised below:

(a) <u>Expanding the geographic coverage:</u>

(i) <u>Coverage of SS(s):</u> apart from the Yau Ma Tei and Mong Kok OZPs, we propose expanding the scope of SS(s) to cover also the **remaining five designated areas** as defined in Cap. 545A (*viz.* the planning scheme areas of the Tsuen Wan, Ma Tau Kok, Cheung Sha Wan, Sai Ying Pun & Sheung Wan and Wan Chai OZPs). This geographical coverage is in line with that of the Bonus PR Pilot Scheme (to be elaborated in paragraph 5 below) to channel private redevelopment resources to old urban areas with more imminent redevelopment needs.

(ii) <u>Coverage of RS(s):</u> with the expansion of scope of SS(s), we also propose to relax the existing same-OZP TPR mechanism to allow RS(s) to cover the **planning scheme area of any OZP within the territory** (including those OZPs within the NM or covering other NDAs), <u>except</u> for the following:

(I) where the RS is not subject to PR/GFA control on the OZP and/or the PR/GFA control is equivalent to the maximum permissible PR under the First Schedule of the Building (Planning) Regulations (B(P)R) (e.g. some sites on Hong Kong Island and Kowloon), the RS must fall within the same district (i.e. within the coverage of the same district council) as the SS(s) so that there will be no net increase in PR/GFA within that particular district. This is to prevent overstraining of the community facilities and infrastructure capacity in the dense urban district due to further intensification of the site by way of receiving GFA from other districts; and

(II) there is a general presumption against accepting sites located within well-recognised low-density areas with distinct built environment characters to be RS(s) so as not to subject these areas to further intensification in development intensity for preservation of prevailing neighbourhood characters. Examples of such areas include Kowloon Tong, Kadoorie Hill, the Peak, Shek O and South Lantau Island, etc.

(b) Relaxing the eligibility criteria of SS and RS and the after use of RS:

(i) Only sites in development zones intended for residential, commercial and business uses with PR/GFA restrictions on the OZP can be SS(s) and RS(s) under the existing TPR Guidelines. Since the expanded geographical coverage of RS(s) and SS(s) will entail a greater diversity of zonings (e.g. sites zoned for industrial or industry-related uses in the NM, and "Residential (Group A)" and "Commercial" zones on Hong Kong Island without PR/GFA restrictions, etc.) and given that each TPR proposal will be subject to the Board's scrutiny, we propose relaxing the requirement to **allow sites within zonings without PR/GFA restrictions on the OZP to be SS(s) and RS(s)**. For RS(s) falling within such zoning(s), the same district restriction as stated in paragraph 4.1(a)(ii)(I) above shall apply.

(ii) The existing TPR Guidelines set the minimum age of the building at SS at 50 years but do not expressly specify the existing use. In line with the overarching objective of expediting redevelopment of ageing dilapidated residential buildings, the Guidelines will be revised to unequivocally set out that provided that the **SS** is **occupied by buildings with residential element** (excluding residential institution, which is generally under better management and maintenance, and New Territories Exempted Houses) **and aged 50 years or above**, it would be eligible to serve as SS(s), **irrespective of the zoning** on the OZP. Furthermore, similar to the existing TPR Guidelines, if the building is a **graded historic building or building considered worthy of conservation** by district-wide planning studies of URA, the building age and use requirements will be disapplied[4].

(iii) The site area requirement of **RS** is proposed to be **reduced from 1,000m^2 to 700m^2**. This is in line with the site area requirement of the Bonus PR Pilot Scheme (paragraph 5 below), which has taken into account market feedback on difficulties in site amalgamation while ensuring that the site area is still conducive to efficient layout, compliance with modern building code, and provision of car park and amenities. Same as the existing TPR Guidelines, there is **no restriction on the current use** of the RS which can be vacant land. In tandem with the broadened geographical coverage, the locational prerequisite for RS(s) being **"strategically located and accessible" is removed**, and

[4] As some buildings with conservation value might not meet the minimum age requirement (i.e. aged 50 years or more) and/or the user requirement (i.e. residential element), hence such requirements will be disapplied for such buildings. Nonetheless, one of the objectives of TPR is to incentivise the conservation of privately owned residential, commercial or mixed-use historic buildings, which are often subject to development pressure for urban redevelopment. Private historic buildings used for specialised purposes, such as schools, religious institutions, hospitals, private clubs, and public utility installations, etc., are generally not eligible to participate in the TPR scheme as they are generally under proper management/maintenance and/or granted for such specific purpose rather than for general residential use. Notwithstanding, the Board may consider the merits of individual proposals on a case-by-case basis.

the **future users** of the RS(s) are no longer limited to residential, commercial or mixed residential/ commercial developments but instead could be for **general residential, commercial, business, industrial or industry-related uses**.

(c) Enhancing flexibility for site pairing:

(i) The existing limit of **not more than two RSs** under each section 16 planning application is proposed to be **removed**. This would facilitate the transfer of unutilised GFA in SS(s) to multiple RSs to enhance the appeal for participation in TPR.

(ii) **Minor exceedance of the 30% cap** is allowed at each RS to provide greater flexibility for pairing RS(s) and SS(s) subject to justifications provided by the applicant for the Board's consideration.

(d) Enabling local community to benefit from developments involving TPR while providing land premium-free bonus GFA at selected SS as incentive to support their long-term management and maintenance (M&M):

Currently, any GFA retained/built at the SS will be deducted from the transferrable GFA to the RS[5]. As an additional measure to incentivise the landowner to retain and upkeep the SS after TPR, for cases fulfilling the following specified circumstances, we propose while **allowing the full transfer of PR/GFA from the SS, certain GFA is allowed to be built/retained within the SS as land premium-free bonus GFA**[6], subject to the Board's approval:

(i) for an SS suitable for conversion into public space for public enjoyment and where members of the public can gain reasonable access to such public space, **bonus commercial GFA equivalent to PR 0.4 of the SS or 200m^2**, whichever is the less, may be provided in the form of supporting uses, such as retail, eating place, or other commercial uses (excluding any form of residential use);

(ii) for the conservation of graded historic building at the SS(s), provided that members of the public can gain reasonable access to part/whole of the building, after the **GFA of the existing graded historic building** is transferred to the RS, GFA equivalent to that of the existing graded historic building may be provided as bonus GFA at the SS with the support of the Commissioner for Heritage[7]; or

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[5] Except where the concerned Notes of the OZP for the SS explicitly allow for the floor space constructed for certain facilities as required by the Government (such as GIC and public transport facilities) to be disregarded from PR/GFA calculation.

[6] The Development Bureau (DEVB) announced this land premium-free bonus GFA arrangement on 27.7.2026. For the avoidance of doubt, the "premium-free bonus GFA" will not be taken into account in the land premium valuation for the SS.

[7] Given that graded historic building(s) may also be present at the RS, this incentive is extended to facilitate the M&M of the graded historic building(s) at the RS under a TPR scheme.

(iii) for **GIC facilities or socially beneficial facilities of the applicant's choice** [8] at the SS which are supported by relevant government bureaux/departments (B/Ds), the GFA of the facilities concerned may be provided as bonus at the SS.

Unless relevant B/Ds agree to take over the public facilities and services upon completion of the lease modification of the SS, the developer has to manage and maintain the buildings, facilities and services and fulfil the obligation to allow public access to such buildings and facilities provided on the SS to the satisfaction of relevant B/Ds supporting the provision of such public facilities and services. If the situation warrants it and subject to implementation details as appropriate, safeguards may be incorporated into the land lease tying the on-going M&M obligations to the commercial portion of RS to avoid such obligations being transferred to individual flat owners.

(e) <u>Basis for determination of transferrable GFA and 30% cap:</u>

(i) As per the current TPR Guidelines, in most cases, the **maximum transferrable GFA of the SS** will be specified in the Notes of the OZP, either as the **maximum PR/GFA restriction of the zoning**[9], or the **PR/GFA of the existing building**[10], whichever is the greater. For zonings without PR/GFA control on OZP, the applicant shall demonstrate the transferrable PR/GFA of the SS by way of formulating a hypothetical scheme and **making reference to the permissible domestic PR under the First Schedule of the B(P)R subject to any other statutory restrictions**, which will be subject to the Board's consideration. Circumstances allowing full transfer of GFA from SS set out in paragraph 4.1(d) above are also relevant.

(ii) Same as the current TPR Guidelines, in most cases, **the 30% cap for the RS** is a 30% increase from the **highest PR/GFA restriction for the RS**[9] as specified in the Notes of the OZP. If the **GFA of the existing building**[10] at the RS exceeds the highest PR/GFA restriction as specified in the Notes of the OZP, such exceedance (or grandfathered GFA) may be accommodated at the same RS and need not be counted towards the 30% cap. Only where the OZP does not specify the PR/GFA control for the RS, will the **permissible domestic PR under the First Schedule of the B(P)R** subject to any other development restrictions under the OZP (e.g. building height and site coverage

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[8] Community living room, makerspace and senior citizens' learning centre are examples of socially beneficial facilities.

[9] However, where the SS or RS is subject to a maximum PR control under the OZP by way of a composite formula (for example, the "Residential (Group A)" zone on the Tsuen Wan OZP), the maximum domestic PR should be adopted in determining the maximum transferrable GFA of the SS or the 30% cap of the RS, as the planning intention for such zones is primarily for residential use.

[10] A claim for PR/GFA of the existing building will generally be allowed if the Notes of the OZP allows for the concerned site to be redeveloped to its existing development intensity. Most of the Notes of OZPs provide for redevelopment up to the GFA of the existing building within development-related zonings.

restriction, etc.) be the basis for calculating the 30% cap, regardless of what type of (re)development is proposed at the RS.

(iii) The present arrangement of allowing, subject to the Board's approval, **interchangeability of GFA** from domestic to non-domestic or vice versa upon transfer is proposed to be retained.

4.2 **Potential interface between the revised TPR mechanism and the latest Bonus PR Pilot Scheme** (paragraph 5 below) may occur if a redevelopment site is an RS or SS under a TPR scheme and can also meet the eligibility criteria for the Bonus PR Pilot Scheme. To use an eligible RS under TPR as example, the applicant is allowed to use the 20% bonus PR in kind for in-situ redevelopment at the RS and also receive GFA transferred from other SS(s), provided that the 30% cap is not exceeded. In case the 20% bonus PR of the Bonus PR Pilot Scheme cannot be fully utilised in kind under such scenario, the remaining part of the 20% bonus PR cannot be encashed. Alternatively, in case the 20% bonus PR is realised via the encashment option, the redevelopment site can fully receive 30% transferred GFA from SS(s) under the TPR scheme.

4.3 To implement an approved TPR application, application for lease modification of the SS(s) and RS(s) is required. To provide added incentive for the proposed cross-district TPR, in conjunction with the proposed revised TPR mechanism, the Government will relax the current land premium assessment arrangement for TPR cases to allow the land premium assessment for the SS(s) and RS(s) to be combined even when they are covered by separate land transactions. In other words, the premium of the land transactions would be assessed collectively and is equivalent to the difference between the total value of the SS(s) and the RS(s) under the original lease conditions and the total value of the RS(s) (including the transferred GFA) and SS(s) (excluding the bonus GFA, if any) under the modified lease conditions. This would enable the values of both the SS(s) and the RS(s) before and after the transfer of GFA under the proposed cross-district TPR to be jointly assessed and offset against each other, even if the SS(s) and RS(s) are to be governed by separate land instruments executed at the same time.

5. Bonus PR Pilot Scheme

5.1 The other measure to incentivise the market to participate in urban redevelopment is the Bonus PR Pilot Scheme, with details set out in Joint Practice Note No. 9 issued on 19.8.2026 (www.pland.gov.hk/file/tech_doc/jpn/pdf/jpn9_e.pdf).

5.2 In gist, under the five-year Bonus PR Pilot Scheme, if a developer commits to pull down an old residential building on an eligible redevelopment site, whose building age is 50 years or above with a site area of not less than 700m^2, and redevelop it mainly into residential uses, it can receive an additional 20% land premium-free GFA/PR on top of its permissible GFA/PR to improve the business case for redevelopment. The developer can either utilise the bonus PR in kind for in-situ redevelopment at the eligible redevelopment site (which will be subject to the approval of the Board by way of a section 16 planning application[11]), or opt for the encashment option to translate the 20% bonus PR into land premium value for offsetting the land premium payable for in-situ redevelopment at the eligible site or other land transactions including Government land sale or lease modification in NM and other parts of the territory. To simplify the execution procedures, the Government will use standard rates to calculate the premium value of the bonus PR. All in-situ redevelopment projects joining the Bonus PR Pilot Scheme are required to be effectuated by means of lease modification which will bind the applicant to complete the redevelopment by a specified deadline amongst other things. The bonus PR will not affect other existing GFA concession measures. Subject to market response, DEVB will evaluate the effectiveness of the Bonus PR Pilot Scheme, as well as introduce adjustments where necessary and consider whether the period of the pilot scheme will have to be extended.

6. Consultation

6.1 On 13.10.2025, DEVB briefed the Legislative Council's (LegCo) Panel on Development on the above measures to expedite urban renewal announced in the 2025 Policy Address, including the proposed relaxation of the existing TPR mechanism. LegCo members in general supported the proposals. From October to December 2025, DEVB took the lead to consult relevant stakeholders, including the URA Board, industry associations and professional institutes through 11 consultation sessions, and 14 written submissions were received from the general public. Further consultations with industry association and professional institute were also conducted in May 2026. In gist, stakeholders were generally supportive of the proposals, while some tendered suggestions on operational details such as proposing further relaxation of the requirements on site area and building age to expedite urban renewal and making the lease modification procedures simpler.

6.2 The draft revised TPR Guidelines at **Appendix II** have suitably incorporated some of the comments received from stakeholders and relevant B/Ds. On 27.7.2026, the Land and Development Advisory Committee (LDAC) was briefed on the above measures, including the cross-district TPR arrangement. LDAC Members were highly supportive of the new measures and agreed that the cross-district TPR arrangement could further incentivise the market to use the planning tool to expedite urban renewal.

7. Implementation

7.1 Subject to Members' agreement, the draft revised TPB PG-No. 43A at **Appendix II** shall take effect upon promulgation and uploading to the Board's website.

7.2 Apart from promulgation of the revised TPR Guidelines, the covering Notes and Explanatory Statement of relevant OZPs will be revised as appropriate to incorporate provisions to allow for cross-district TPR by way of section 16 planning application. The revisions will be carried out by batches/phases and on

[11] As per established practice, the Board shall process each section 16 planning application based on the individual merits of the proposal to be assessed on a case-by-case basis.

need basis, and subject to the same established procedures for OZP amendments. The revisions to the OZPs will not affect prospective project proponents from preparing for their upcoming section 16 planning applications for cross-district TPR. Furthermore, the Planning Department will continue to welcome and render support to facilitate any pre-submission enquiries received from prospective project proponents.

8. Decision Sought

Members are invited to consider and agree to the draft revised TPR Guidelines (TPB PG-No. 43A), and to note the details of the Bonus PR Pilot Scheme. A press release will be issued to promulgate the endorsed revised TPR Guidelines.

Attachments

Appendix I	TPB Guidelines No. 43 for Application for Transfer of Plot Ratio under Section 16 of the Town Planning Ordinance
Appendix II	Draft Revised TPB Guidelines No. 43A for Application for Transfer of Plot Ratio under Section 16 of the Town Planning Ordinance

PLANNING DEPARTMENT
AUGUST 2026