Buildings Department **Lands Department** **Planning Department**

Joint Practice Note No. 9

Bonus Plot Ratio Pilot Scheme

Purpose

This Joint Practice Note (JPN) sets out the key points that applicants intending to pursue redevelopment projects under the Bonus Plot Ratio (PR) Pilot Scheme (the Pilot Scheme) should take note of before submitting applications to government departments for approval. The Pilot Scheme is one of the innovative measures announced in the 2025 Policy Address aimed to give stronger policy push to incentivise private redevelopment projects in several old districts to rescue urban decay.

2. Under the Pilot Scheme, if an owner commits to pull down an old residential building on an eligible redevelopment site in the seven designated areas with more pressing redevelopment needs[1] and redevelop it mainly into residential uses, it can obtain additional 20% land premium-free PR/gross floor area (GFA) as bonus (bonus PR). The owner can either utilise the bonus PR in kind for the in-situ redevelopment subject to the approval of the Town Planning Board (TPB), or opt for the encashment option to translate the bonus

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[1] The seven designated areas refer to the areas set out in the Schedule to the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (Cap. 545A), i.e. the areas covered by the following Outline Zoning Plans (OZPs), including Cheung Sha Wan OZP No. S/K5/39 (which covers Sham Shui Po), Ma Tau Kok OZP No. S/K10/30 (which covers Kowloon City and To Kwa Wan), Mong Kok OZP No. S/K3/36, Sai Ying Pun and 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.

PR into land premium value for offsetting the land premium payable for the in-situ redevelopment and/or other land transactions including government land sale or lease modification in the Northern Metropolis and other parts of the territory. Redevelopment projects accepted for the Pilot Scheme will be effected by means of lease modification which will bind the owner to completing the redevelopment within a building covenant period amongst other things.

3. During the five-year pilot period between 1 September 2026 and 31 August 2031 (the "five-year period"), applicants interested in joining the Pilot Scheme may submit a lease modification application to the Lands Department (LandsD). Should planning permission under section 16 of the Town Planning Ordinance (Cap. 131) (TPO) be required to effectuate the intended in-situ redevelopment at the eligible redevelopment site, the applicant must obtain planning permission before submitting the lease modification application[2].

4. For the purpose of this JPN, any reference to a lease modification shall include a land exchange and any reference to a lease modification letter shall include Conditions of Exchange, where the context so admits or requires.

Eligibility

5. An eligible redevelopment site refers to a redevelopment site meeting all of the following criteria –

(a) located within the seven designated areas as mentioned in footnote 1 of this JPN;

(b) occupied by building(s) with residential elements[3] with an

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[2] LandsD may upon consultation with DEVB grant an extension of the five-year period for a particular case if the applicant can demonstrate reasonable action has been taken within the five-year period to ready the project for submission of lease modification application.

[3] A "building with residential elements" means a building wholly or partly constructed for or intended to be used for domestic purpose as approved by Building Authority (BA), including composite buildings, but excluding (i) hotels and guesthouses; (ii) residential facilities managed or operated by an organisation for providing residential

Occupation Permit (OP) issued by the Building Authority (BA) at least 50 years prior to submitting the planning application, if required, or prior to submitting the lease modification application if no planning application is required[4];

(c) to be redeveloped mainly for residential use[5] irrespective of the zoning on the relevant OZP; and

(d) having a site area of at least 700m^2 which may comprise one or more lots[6].

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accommodation to persons who meet certain eligibility criteria (e.g. boarding houses, dormitories, residential institutions, staff quarters, student hostels and residential care homes for the elderly/persons with disabilities, and any other similar accommodations); and (iii) New Territories Exempted Houses.

4 In determining the use and age of the building, the OP issued by BA shall be the main reference. In case where OP and/or approved building plan(s) for the concerned building is not available, the applicant should engage an Authorized Person to demonstrate the use and/or age of the building.

5 Redevelopment with more than 50% of total GFA for residential use will be regarded as fulfilling this criterion. The definition of residential elements in footnote 3 and determination of the use of the building in footnote 4 above also apply here.

6 In case the proposed redevelopment site includes government land proposed to be granted under the lease modification application, the government land concerned will not be counted in determining whether the 700m^2 site area requirement is met. Nor will it be eligible for the bonus PR.

In case the proposed redevelopment site includes areas not intended for building development purposes or carrying no development right under lease (such as areas designated as non-building areas or reserved for garden purposes), while the area concerned will be counted in determining whether the 700m^2 site area requirement is met, it will not be taken into account for calculating the 20% bonus PR. This principle will also apply to a proposed redevelopment site including areas already having redevelopment commenced (i.e. (i) buildings already demolished or with demolition works commenced; (ii) lots already sold under orders for sale granted by Lands Tribunal under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545); or (iii) lots with lease modification executed for redevelopment of the existing building or buildings on the site or the building or buildings last erected on the site) before commencement of the five-year period. In other words, the areas already having redevelopment commenced in (i), (ii) and (iii) will be counted in determining whether the 700m^2 site area requirement is met, but will not be taken into account for calculating the 20% bonus PR.

Determination of 20% bonus PR

6. For sites within residential zonings[7], the bonus PR will be determined by making reference to the maximum domestic PR/GFA specified in relevant OZPs. For sites within non-residential zonings requiring planning permission for 'Flat' yet without domestic PR/GFA restrictions stipulated in the relevant OZPs (such as "Commercial" ("C") zone or "Government, Institution or Community" ("G/IC") zone), reference will be made to the maximum permissible domestic PR/GFA specified for the "R(A)" zone of respective OZPs. In case there are no PR or GFA restrictions specified in the relevant OZP, the maximum permissible PR for domestic buildings with a height of over 61m as specified in the First Schedule of the Building (Planning) Regulations (Cap. 123F) (B(P)R) will be adopted. Details of the principles and methodology for calculating the 20% bonus PR are set out in the **Appendix**.

7. The land premium value of the bonus PR for the eligible redevelopment site will be calculated based on standard rates issued and updated annually by LandsD for the Pilot Scheme. There will be one standard rate for each designated area. No appeal against the standard rate and the value of the bonus PR will be allowed.

Utilisation of the bonus PR

8. As mentioned in paragraph 2 above, applicants may utilise the bonus PR in kind for the in-situ redevelopment after obtaining planning permission from TPB (Option (i)), or opt for the encashment option to translate the bonus PR into land premium value for offsetting the land premium payable for the in-situ redevelopment and/or other land transactions including government land sale or lease modification in the Northern Metropolis and other parts of the

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The site area occupied by graded historic building(s) to be retained under the redevelopment proposal will be counted towards meeting the 700m^2 site area requirement and calculating the 20% bonus PR.

[7] This refers to zonings where 'Flat' use is always permitted under the concerned OZP, such as "Residential (Group A)" ("R(A)"), "Residential (Group B)", "Residential (Group C)" and "Other Specified Uses" annotated "Mixed Use" ("OU(MU)").

territory (Option (ii)). Applicants should choose either Option (i) or Option (ii) but not both. No hybrid option is allowed[8].

Option (i) - utilising bonus PR in kind for in-situ redevelopment

9. Option (i) caters for the scenario where an applicant will, subject to TPB's approval of planning application under section 16 of TPO, build in-situ the 20% bonus PR in addition to the original 100% PR permissible under relevant OZP. The applicant should state expressly in the planning application that the bonus PR will be utilised in kind for the in-situ redevelopment. Following TPB's approval[9], the applicant may submit a lease modification application to LandsD, which, if approved, will be effected by a lease modification letter within the "five-year period". The eventual land premium payable for the entire in-situ redevelopment can be reduced by the land premium value of the 20% bonus PR at standard rates (please see paragraph 11 below for more details).

10. To quicken redevelopment, a minimum necessary approach will be adopted for lease modification whereby only essential land-related terms and conditions (such as imposition of a building covenant period[10], user, minimum and maximum PR or GFA, restrictions on alienation before compliance including pre-sale consent requirement, deed of mutual covenant) as well as land-related approval conditions imposed by TPB, where appropriate and necessary, will be included in the lease modification letter.

[8] In the event the 20% bonus PR in kind cannot be utilised fully in the in-situ redevelopment under Option (i) due to one reason or another, no encashment of the unused bonus PR will be allowed. Neither shall the unused bonus PR be transferred to other projects nor be payable by the Government in cash. On the other hand, the land premium value of the 20% bonus PR under Option (ii) can be used to offset land premium payable for the in-situ redevelopment and/or other land transactions until the land premium value is exhausted.

[9] Any planning permission granted by TPB may be subject to such approval conditions as TPB thinks fit, which may include requiring execution of lease modification for redevelopment before submission of building plans for approval under the Buildings Ordinance (Cap. 123) (BO).

[10] In case the site is subject to a compulsory sale order, the building covenant will take into account the relevant compulsory sale order.

Bureaux/departments (B/Ds) may only add other essential terms and conditions on a minimum necessary basis (such as those with public safety implications).

11. The land premium for the entire in-situ redevelopment approved by TPB shall be assessed in accordance with the prevailing assessment arrangement, i.e. based on the land value under existing lease conditions and its value under modified conditions. The land premium so assessed will then be deducted by the land premium value of the bonus PR calculated at standard rate prevailing at the date of issue of the Binding Basic Terms Offer (BBTO)[11], to arrive at the land premium payable for the lease modification giving effect to the redevelopment.

12. If the overall PR as approved by TPB exceeds the maximum permissible allowed under the First Schedule of B(P)R, an application to BA under section 42 of BO seeking approval for PR to exceed the B(P)R permissible level is required. BA will favourably consider these applications with reference to Joint Practice Note No. 4 issued by the Buildings Department, LandsD and the Planning Department (PlanD). For sites in zonings requiring planning permission for 'Flat' use, if the overall PR as approved by TPB exceeds the maximum permissible domestic PR/GFA for the respective zoning, the PR/GFA restriction for the "R(A)" zone of the respective OZP or under the B(P)R, as the case may be, the in-situ redevelopment proposal will be regarded as having utilised the bonus PR in kind[12].

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[11] In case the BBTO needs to be revised after LandsD's re-assessment of the land premium, the land premium value of the bonus PR will be calculated based on the relevant standard rate prevailing at the date of issue of the revised BBTO.

[12] In this case, the land premium value of the 20% bonus PR calculated by the applicable standard rate will be used to offset the land premium payable in respect of the in-situ redevelopment.

Option (ii) - encashment option for the bonus PR

13. Applicants choosing not to build the 20% bonus PR in-situ[13] can opt for Option (ii) to encash the 20% bonus PR for offsetting land premium payable for the original 100% in-situ redevelopment and/or other land transactions including government land sale or lease modification in the Northern Metropolis and other parts of the territory. In such case, the applicant should submit a lease modification application for the in-situ redevelopment[14] and expressly state therein the intention of encashing the bonus PR, which, if approved, will be effected by a lease modification letter. Similar to the arrangement proposed for Option (i) in paragraph 10 above, a minimum necessary approach will be adopted for lease modification whereby only essential land-related terms and conditions (such as imposition of a building covenant period, user, minimum and maximum PR or GFA, restrictions on alienation before compliance including pre-sale consent requirement, deed of mutual covenant) will be included in the lease modification letter. B/Ds may only add other essential terms and conditions on a minimum necessary basis (such as those with public safety implications).

14. Upon issuing the BBTO of the lease modification, LandsD will also inform the applicant of the land premium value of the 20% bonus PR calculated at standard rate prevailing at the date of issue of BBTO. The applicant can choose to offset the land premium value of the 20% bonus PR against the premium payable for the in-situ redevelopment. Upon execution of the lease modification, LandsD will issue a formal documentation to the applicant recording the land premium value of the bonus PR[15].

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[13] This includes cases where the applicants do not intend to make use of the bonus PR in kind for in-situ redevelopment or the planning application for the proposed in-situ redevelopment is not be approved by TPB.

[14] For an eligible redevelopment site falling within zonings requiring planning permission for 'Flat' use, planning permission from TPB under section 16 of TPO has to be obtained before submission of the lease modification application.

[15] If the applicant chooses to offset the land premium value of the 20% bonus PR against the premium payable for the in-situ redevelopment, the documentation will record the remaining land premium value of the bonus PR, if any.

15. LandsD will maintain a register recording the land premium value of the bonus PR and its utilisation for redevelopment projects accepted under the Pilot Scheme. Any unused land premium value will remain valid within 10 years from the date of the lease modification letter for the eligible redevelopment site. No interest will be payable, and there will be no redemption, compensation or alike for any unused land premium value after expiry of the 10-year validity period. The land premium value of the bonus PR is non-transferable. However, transfer to associated companies within the meaning of the Companies Ordinance (Cap. 622) is allowed[16].

Other Points to Note

16. Other relevant points include –

(a) lease modification application should be submitted to the respective District Lands Office (DLO) of LandsD. The lease modification letter shall be executed within three years from the date of receiving a valid lease modification application and no extension of time would be granted unless LandsD in consultation with DEVB considers that there are strong and valid justifications for the extension;

(b) to facilitate applicants' early assessment of whether to pursue redevelopment under the Pilot Scheme prior to committing resources for detailed planning and title consolidation, respective DLO will provide an enquiry service whereby prior to submission of a lease modification application, applicants may enquire about the eligibility of sites concerned and the estimated value of the bonus PR under the encashment option for reference. Applicants may also seek advice from PlanD if the application involves planning application matters;

(c) at the point of submitting planning application under section 16 of TPO under Option (i), the applicant does not need to have fully

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16 Documentary proof is required to be produced to the Government, whose determination on whether the relationship of associated companies is established shall be final and binding.

acquired the site[17], but full land ownership is necessary before the applicant making lease modification application or building plan submission. Joint ownership is allowed for the purpose of granting bonus PR[18];

(d) to provide planning gains to the broader community, applicant for the bonus PR, especially for realising the bonus PR in kind, are encouraged to provide on a voluntary basis socially beneficial facilities of the applicant's choice[19] and/or planning and design merits (e.g. building setback over and above that required under the Sustainable Building Design Guidelines, canopy for pedestrians and/or public passageway, etc.) owned by the applicant in the redevelopment projects. The applicant can make reference to the recommendations of the relevant District Studies undertaken by the Urban Renewal Authority, if any, in proposing beneficial planning and design elements;

(e) the Pilot Scheme will not affect applicant's entitlement to other GFA concession schemes, such as those incentives to promote green and innovative buildings and bonus GFA supported by Commissioner for Heritage on heritage conservation grounds. However, the GFA concession so approved will not be taken into account for calculating the bonus PR under the Pilot Scheme;

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17 In such cases, applicants should obtain owners' consent or give notification to the owner(s) in accordance with TPO.

18 If an eligible redevelopment site is in multiple ownership, the lot owners may in submitting the application for lease modification apply that the land premium value of the bonus PR (if any) be divided among and allocated to the co-owners, according to the shares of and in the lot held by the co-owners as recorded in the Land Registry as at the date of the application. If an eligible development site comprises lots held in separate ownership of joint venture (JV) partners and in the absence of unification of title, the land premium value of the bonus PR (if any) may be divided among and allocated to the JV partners according to their written agreement provided to LandsD.

19 Examples of socially beneficial facilities include community living room and makerspace.

(f) in the event that the bonus PR has been utilised yet the in-situ redevelopment has not been constructed in accordance with the lease conditions, the Government reserves the right to recover from the applicant and its parent company (if applicable) the full value of the bonus PR utilised[20];

(g) if the eligible redevelopment site is also a "sending site" or "receiving site" under a Transfer of Plot Ratio (TPR) scheme per the definition of the TPB Guidelines for Application for Transfer of Plot Ratio under Section 16 of TPO (the TPR Guidelines), the applicant may concurrently apply for the bonus PR in kind or opt for the encashment option if the site can meet all criteria as set out in paragraph 5 above. However, the applicant should observe relevant requirements of the TPR Guidelines (including but not limited to the maximum GFA that the site could accommodate); and

(h) an administrative fee will be charged by LandsD for processing the lease modification application. Where applicable, a fee for services rendered by the Legal Advisory and Conveyancing Office of LandsD for processing the application will also be charged if the lease modification is effected by way of in-situ land exchange.

17. Owners are advised to engage competent professionals to assist them in making the applications.

18. Every application submitted pursuant to this JPN will be considered on its own merits. This JPN 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 TPB, LandsD or BA will be processed or approved.

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[20] In this regard, the applicant and the parent company of the applicant (if applicable) is required to provide with the Government a Deed of Undertaking on such terms and conditions as decided by LandsD.

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

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Ref.: BD GR/1-55/11/4
LAO/URS-P_M-002-004
UR U/URR/6 (C)

First issued August 2026

Appendix
(JPN No. 9)

Principles and Methodology for Calculating the 20% Bonus PR

The following principles are only applicable in calculating the 20% bonus PR, and shall not constitute any reference or give rise to any expectation on the part of the applicant regarding the development intensity of any eligible redevelopment site. The Town Planning Board (TPB) will consider each planning application on its individual merits per the prevailing guidelines and established practice.

(1) For sites located in zonings on statutory plans permitting 'Flat' use without the need for planning permission[1]

(a) If the Notes of the statutory plan specify the **maximum domestic plot ratio (Dom PR) / domestic gross floor area (Dom GFA)**, the **maximum Dom PR/GFA** will be adopted[2].

Example: An eligible redevelopment site located within an area zoned "R(A)" on the Mong Kok OZP

Site Area (m^2)	700
Zoning	"R(A)"
Max Dom PR on OZP	8.5
Bonus Dom GFA (m^2)	700 x 8.5 x 0.2 = 1 190

[1] This refers to zonings where 'Flat' use is always permitted under the concerned statutory plan, such as "Residential (Group A)" ("R(A)"), "Residential (Group B)" ("R(B)"), "Residential (Group C)" and "Other Specified Uses" annotated "Mixed Use" ("OU(MU)").

[2] For the avoidance of doubt, even if the Notes of the statutory plan allow redevelopment up to the PR/GFA of the existing building which may exceed the specific PR/GFA restriction stated in the statutory plan, the maximum PR/GFA means the latter. In other words, the PR/GFA of the existing building would not be taken into account in calculating the 20% bonus PR.

(b) If the Notes of the statutory plan only specify the **maximum total PR/GFA without mentioning a maximum Dom PR/GFA**, the **maximum total PR/GFA** will be adopted[2].

Example: An eligible redevelopment site located within an area zoned "R(B)" on the Ma Tau Kok OZP

Site Area (m^2)	700
Zoning	"R(B)"
Max PR on OZP	5
Bonus Dom GFA (m^2)	700 x 5 x 0.2 = 700

(c) In case there is **no PR or GFA restriction on the statutory plan**, the maximum permissible PR for domestic buildings with a height of over 61m as specified in the First Schedule of the Building (Planning) Regulations (Cap. 123F) (B(P)R) will be adopted.

Example: An eligible redevelopment site located within an area zoned "OU(MU)" on the Wan Chai OZP

Site Area (m^2)	700
Zoning	"OU(MU)"
Max Dom PR on OZP	Nil
Class of Site under B(P)R	A
Max Dom PR under B(P)R	8
Bonus Dom GFA (m^2)	700 x 8 x 0.2 = 1 120

(2) For sites located in zonings on statutory plans which require planning permission for 'Flat' use[3]

(a) If the Notes of the statutory plan do not specify the maximum Dom PR / Dom GFA[4], reference will be made to the **maximum Dom PR specified**

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[3] This refers to zonings where 'Flat' which is not a use always permitted under the statutory plan, such as "Commercial" ("C"), "Government, Institution or Community" ("G/IC") and "Residential (Group E)" ("R(E)").

[4] For zonings (e.g. "R(E)" and "Comprehensive Development Area") where the Notes of the

in the "R(A)" zone of the respective statutory plan to determine the bonus PR.

Example: An eligible redevelopment site located within an area zoned "G/IC" on the Yau Ma Tei OZP

Site Area (m^2)	700
Zoning	"G/IC"
Max Dom PR of "R(A)" zone on the respective OZP	8.5
Bonus Dom GFA (m^2)	700 x 8.5 x 0.2 = 1 190

(b) In case there is **no PR or GFA restriction within the "R(A)" zone on the respective statutory plan**, the **maximum permissible PR for domestic buildings** with a height over 61m **as specified in the First Schedule of the B(P)R will be adopted.**

Example: An eligible redevelopment site located within an area zoned "C" on the Wan Chai OZP

Site Area (m^2)	700
Zoning	"C"
Max Dom PR of "R(A)" zone on the respective OZP	Nil
Class of Site under B(P)R	B
Max Dom PR under B(P)R	9
Bonus Dom GFA (m^2)	700 x 9 x 0.2 = 1 260

statutory plan specify the maximum Dom PR / Dom GFA, the maximum Dom PR/GFA will be adopted to determine the bonus PR.