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8 March 2001

Miss Salumi Chan
Clerk to Panel
LegCo Panel on Planning, Lands and Works
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Miss Chan,

LegCo Panel on Planning, Lands and Works
Home Purchase Allowance and
Ex Gratia Allowance for Owners
and Legal Occupiers of Commercial Properties

Since the special meeting of the LegCo Panel on Planning, Lands and Works held on 2 March 2001, some Members have put a number of proposals to the Administration for consideration. After discussions with the Members concerned, we are prepared to accept some of these proposals. These are set out below:

(a) Acquisition by Agreement

The Government's proposal is that, in the case of land resumption, the basis for calculating the Home Purchase

Allowance should be revised from a replacement flat of about 10 years' old to a replacement flat of about 7 years' old. The acquisition policy of the Urban Renewal Authority (URA) will be determined by its Board when it is established. We will recommend to the URA that its acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to the URA.

(b) Priority for Certain Projects

We will recommend to the URA that priority should be given to the 25 uncompleted projects of the LDC Development Corporation (LDC).

(c) Special Consideration for the 25 Uncompleted LDC Projects

We are prepared to recommend to the URA that, in respect of the 25 uncompleted projects of the LDC, the acquisition offers of the URA should have regard to the fact that the residents in these project areas have waited for redevelopment for quite some time.

(d) Removal Allowance

While the acquisition policy of the URA will be determined by its Board when it is established, we will suggest to the URA that the removal allowance for flat owners should not be less favourable than that offered to flat owners in the Tsuen Wan project.

(e) Flat-for-flat Exchange Scheme

We will suggest to the URA that, under the flat-for-flat exchange scheme, at least 1.2 times the number of flats in

proportion to the number of participating owners should be provided for allocation.

(f) Cash Compensation for Tenants

Affected tenants will be rehoused by the URA. Tenants who do not need rehousing may opt for cash compensation. The cash compensation offer of the URA will be determined by its Board. However, we will recommend to the URA that the cash compensation for tenants of cubicles and bunk beds should not be less favourable than that currently offered to tenants by the LDC.

(g) Home Ownership Scheme/Home Purchase Loan Scheme

We are prepared to discuss with the Housing Authority and the Housing Bureau the residents' proposal that the income and assets test for applicants for a flat under the Home Ownership Scheme or a loan under the Home Purchase Loan Scheme should be more flexible in the case of tenants affected by URA redevelopment projects.

Some Members have asked for information about rehousing sites. A list of the tentative sites is at the Annex. Part of these sites may be considered for use for the proposed flat-for-flat exchange scheme.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

Proposed Rehousing Sites for Urban Renewal Projects

<u>Item</u>	<u>Location</u>
1	Yan Cheung Road, West Kowloon Reclamation Area
2	South East Kowloon Development Area
3	Area 65C, Tseung Kwan O
4	Area 77, Ma On Shan
5	Lung Wah Street, Sai Wan
6	Western District Development Area (Tentative)