

**Legislative Council Panel on Planning, Lands and Works  
Meeting on 22 January 2002**

**Undertakings made by the Administration in respect of urban renewal**

**Purpose**

This paper sets out the background against which the Administration has made undertakings in respect of urban renewal in the course of setting up the Urban Renewal Authority (URA) and finalizing the Urban Renewal Strategy (URS).

**Background**

2. Following a public consultation exercise on urban renewal in 1995, the Administration published a policy statement on "Urban Renewal in Hong Kong" in 1996. The policy statement proposed, among other things, the establishment of a new statutory authority to take forward a new strategy for urban renewal. The Chief Executive (CE) announced in his 1999 Policy Address the proposed establishment of the URA in 2000 to replace the Land Development Corporation (LDC) to implement a new rigorous and comprehensive approach to overcome the problem of urban decay.

3. In October 1999, a subcommittee was formed by the House Committee to study the draft URA Bill which was published in the Gazette in the form of a White Bill for public consultation. The Subcommittee invited views from the public on the White Bill and put forward a list of concerns and suggestions to the Administration. Notwithstanding, when the URA Bill was introduced to the Legislative Council (LegCo) on 16 February 2000, it was observed that there was no material difference between the URA Bill and the draft Bill. Given the far-reaching impact of the URA Bill, a Bills Committee was formed to scrutinize the Bill.

**Undertakings made by the Administration before the passage of URA Bill**

4. In the course of its deliberation, the Bills Committee found it necessary to seek public views on the Bill. 47 written submissions were received and 29 deputations made oral presentation to the Bills Committee. In its report to the House Committee on 23 June 2000, the Bills Committee reported that the Administration had made 28 undertakings to address the following concerns raised by the Bills Committee-

- (a) the new urban renewal strategy must be able to improve the dilapidated conditions of old urban areas;
- (b) the structure and powers of URA should be appropriate for discharge of its specified purposes;
- (c) there should be a proper mechanism to ensure public accountability of the URA;

- (d) sufficient resources should be made available to URA to implement the urban renewal programme;
- (e) the planning procedures for redevelopment projects should be transparent and the public could participate in the process;
- (f) the compensation payable to affected owners of domestic and non-domestic properties should be fair and reasonable and the existing bases for calculating the compensation should be reviewed;
- (g) the affected tenants should be given appropriate and affordable rehousing;
- (h) there should be an appeal channel for the public to raise objections against a redevelopment project; and
- (i) the transition from LDC to URA should be seamless and smooth.

5. At the resumption of debate on Second Reading of the Bill on 26 June 2000, the Secretary for Planning and Lands confirmed virtually all the undertakings it had made during the deliberation of the Bills Committee. A list of the undertakings is provided in **the second column of Appendix I**. The URA Bill was passed by LegCo on 27 June 2000.

#### **Further undertakings made by the Administration**

6. In response to the request of the Bills Committee to review the compensation package, the Administration consulted the Planning, Lands and Works (PLW) Panel in late February 2001 on its proposal for the revised bases for calculating the Home Purchase Allowance (HPA) for owners of domestic properties and Ex gratia Allowance (EGA) for owners and legal occupiers of commercial properties affected by land resumption. Members noted that under the proposal, the basis for calculating the HPA was revised from a replacement flat of about 10 years' old to a replacement flat of about seven years' old, and that the proposed new HPA and EGA would apply to all land resumption exercises under any relevant ordinance. Three special meetings of the Panel were immediately held to discuss the Administration's proposal. A total of 20 organizations made oral presentation to the Panel on the subject at these meetings.

7. Following the PLW Panel meetings, the Secretary for Planning and Lands (SPL) wrote to the PLW Panel on 8 March 2001, setting out six recommendations it would make to the URA, including the recommendation that URA's acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to URA. SPL also undertook in the letter to discuss with the Housing Authority and the Housing Bureau the proposal to allow greater flexibility in assessing the eligibility, in terms of income and assets, of tenants affected by urban renewal projects under the Home Ownership Scheme and the Home Purchase Loan Scheme. The letter is attached at **Appendix II**.

8. On 30 March 2001, the Finance Committee (FC) considered the Administration's proposal for the revised bases for calculating the HPA and EGA for owners and tenants affected by land resumption. At the meeting, the Administration

further undertook that it would recommend to URA certain measures with a view to rendering practical assistance to affected residents. The financial proposal was approved by FC. The Administration's undertakings made at the FC meeting and at other occasions after passage of the URA Bill are set out in **column 3 of Appendix I**.

9. On 1 May 2001, the URA was established. In September 2001, the Planning and Lands Bureau (PLB) issued the draft URS for public comments in accordance with section 20 of the URA Ordinance (Cap. 563). At the special meeting held by the PLW Panel on 3 October 2001, 12 organizations presented their views on the draft URS. The finalized URS was published by PLB in November 2001. A number of the Administration's undertakings in respect of urban renewal are reflected in the URS.

10. Since the publication of the URS, Members have followed up with the Administration and URA on the progress of urban renewal at various forums. A case conference was held on 5 December 2001 and two questions were raised by Hon Frederick FUNG and Hon LI Wah-ming at the Council meeting on 9 January 2002 in this regard. Also at the Council meeting on 9 January 2002, a motion moved by Hon James TO to urge the authorities to honour and fulfill their pledges on urban renewal and to expeditiously announce the urban renewal projects was carried. According to the Administration's response to the questions and the motion, URA has decided to adopt the seven-year-old flat as the basis for calculating the HPA payable to affected owners of domestic properties; URA will also offer an incentive for affected owners to cover removal costs and related expenses and the details of the incentive will be announced prior to the implementation of each project. While URA plans to include all 25 uncompleted LDC projects in its first five-year corporate plan, URA is still considering the other recommendations made by SPL as set out in his letter to the PLW Panel dated 8 March 2001.

### **Latest development**

11. On 11 January 2002, URA announced the implementation of three redevelopment projects at Cherry Street in Tai Kok Tsui, Fuk Wing Street and Fuk Wah Street in Sham Shui Po, and Johnston Road in Wan Chai. It is estimated that some 3 000 people, involving 1 100 households will be affected by these projects. According to URA, more than 50 briefing sessions on acquisition and rehousing arrangements have been scheduled for the affected owners and tenants.

Legislative Council Secretariat

17 January 2002



**List of undertakings made by the Administration  
in respect of urban renewal**

**Appendix I**

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
Approach	(1) To state expressly in the URS that a people-oriented approach will be adopted.		URS (para 3)
Objective	(2) The policy objective of urban renewal is to improve the quality of life in old urban areas.		URS (para 3)
Principles	(3) To adopt the following three principles - (a) compensation payable to affected landowners must be fair and reasonable; (b) affected tenants must be given proper rehousing; and (c) there must be benefits to the entire area concerned as a result of replanning and renewal. These benefits should include preserving heritage and enhancing any possible commercial activities in the area.		URS (para 4)  URS (para 4) URS (paras 4, 5, 7, 16, 17 and 18)
Composition of the URA Board	(4) (a) To ensure the Board can represent the interests of different sectors and persons in the community. The Administration will make recommendations to the Chief Executive (CE) to appoint a certain number of Members of this Council to the Board to enhance its representativeness.	(b) Professionals, social workers; District Council/Legislative Council Members and socially renowned persons will be appointed to the URA Board to ensure its representativeness.  <i>(FC meeting on 30.3.2001)</i>	(as reflected in the current membership of the URA Board)

<sup>1</sup> URAO - denotes Urban Renewal Authority Ordinance (Cap. 563)

<sup>2</sup> URS - denotes Urban Renewal Strategy

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
	(5) To create a non-executive Chairman and a Managing Director (MD), both of whom will be appointed by the CE.		URS (para 9) URAO (section 4)
	(6) There should be not less than seven other non-executive directors not being public officers in the Board.		URAO (section 4)
Purposes of the URA	(7) To guarantee that Orders made by the CE under clause 5(f) of the URA Bill is subsidiary legislation and therefore it must comply with the requirements prescribed by section 34 of the Interpretation and General Clauses Ordinance, that is, it shall be laid on the table of the LegCo for negative vetting before it can come into effect.		URAO (section 5)
Public accountability	(8) To recommend the following four measures to the URA - (a) the URA to issue to all its directors a guideline on declaration of interest and a list of do's and don'ts; (b) the URA should be as open as possible and its transparency should be enhanced; (c) a register of declared interests and attendance records for the URA Board members should be uploaded onto the internet; and (d) the URA to set up an independent audit teams, which will prepare an annual report for inspection by the LegCo.		URS (para 10) URS (para 9) URAO (section 7) URS (para 10)
	(9) The MD of the URA is its top executive and is most suited to explain the policies and operation of the URA. He should attend meetings of the various committees and subcommittees of the LegCo and answer questions raised by Members.		URAO (section 9)
	(10) To require the URA to keep proper accounting records and prepare financial statements. It shall also appoint an auditor to audit the account and financial statements of the URA.		URS (para 36) URAO (sections 16, 17 and 18)

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
Public consultation	(11) The Secretary for Planning and Lands (SPL) shall consult the public before finalizing the URS.		URAO (section 20)
	(12) To put to the URA the suggestion that district advisory committees in each of the nine target redevelopment areas should be set up to collect public views and to provide assistance to the URA on the redevelopment projects in the area. Members of the committees should be appointed by the URA Board and should be able to represent the area, including, owners of premises, tenants, District Council Members and concern groups who are non-government organizations in the area.		URS (para 26)
Financial arrangements	(13) The Government will introduce a package of both financial tools and non-financial tools to enable the URA to launch a 20-year project of urban renewal and to take on the unfinished renewal projects from the LDC. They include waiving land premia for redevelopment lots and land for rehousing, and providing loans to the URA where necessary. Non-financial tools under consideration include exempting Government/Institution/Community facilities of URA projects from the calculation of gross floor area and relaxing plot ratio controls for some URA projects.		URS (para 34)

	Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill	Undertakings made by the Administration after the passage of the URA Bill	Relevant provision in the URAO <sup>1</sup> /URS <sup>2</sup> or action(s) taken
		<p>(14) The Government can inject funding to finance the URA projects and will be paid dividends when the URA make a profit on its projects in future. Alternatively, the URA can borrow money from the Government on low or interest-free payment term. In either case, Members will be provided with an overview of the plan, such as the number and duration of the projects involved, the number of persons affected, the estimated profit/loss of the projects, etc to facilitate their consideration of the proposed funding requirements.</p> <p><i>(Planning, Lands and Works (PLW) Panel meeting on 9.7.2001)</i></p>	URS (para 34)
Processing of projects -  <i>Planning procedures</i>	<p>(16) The Lands Department will issue a set of valuation guidelines to enhance transparency so that owners will understand how the Department evaluates properties in the calculation of compensation.</p>	<p>(15) To recommend to the URA that priority should be given to the 25 uncompleted projects of the LDC.</p> <p><i>(Letter from SPL dated 8.3.2001)</i></p>	URS (para 13)  A booklet entitled "Land resumption and compensation in the urban area - Guidelines for owners, occupiers and surveyors" was issued by Lands Department in December 2001

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
<i>Social service teams</i>	(17) To request the URA to consider launching owner participation plans for urban renewal projects.		---
	(18) To specify in the URA Ordinance that the CE in Council shall, “ if he considers the public interest so requires” grant approval to sell or dispose of the resumed land.		URAO (section 30)
	(19) To request the URA to continue the service and set up one social service team for each of the target redevelopment areas. Urban renewal social work teams should preferably have been set up before an urban renewal project is launched in each of the target redevelopment areas.		URS (para 33)
<i>Social impact assessment</i>	(20) To suggest to the URA that a social impact assessment on proposed projects should be conducted and the results should be publicized. A non-obtrusive impact assessment will be conducted before the publication of a proposed project, followed by a detailed impact assessment after the proposed project has been published in the Gazette. The assessment will cover the following areas - (a) demographic characteristics of the affected residents; (b) social an economic characteristics of the affected residents; (c) need for rehousing of the affected residents; (d) choice of rehousing of the affected residents; (e) employment of the affected residents; (f) work location of the affected residents; (g) community network of the affected residents; (h) education needs of the children of the affected households; (i) special needs of the elderly; (j) special needs of people with a disability; (k) detailed assessment of any hidden effects on the community resulting from the proposed projects; and (l) detailed report on any mitigating measures required.		URS (paras 28 to 32)

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
<i>Freezing surveys</i>	(21) To decide whether affected persons are eligible for rehousing or ex gratia payments, the URA will conduct freezing surveys.		URS (para 25)
Land assembly process -  <i>Acquisition by agreement</i>	(22) (a) The Administration will review the existing compensation arrangements, including to consider providing incentives to owners to sell the land to the URA by agreement after a resumption notice has been issued and before reversion of ownership of the Land to the Government.	(b) To 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. The acquisition policy of the URA will be determined by its Board.  <i>(Letter from SPL dated 8.3.2001)</i>	URS (para 21)
		(23) 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. For example, the affected owners will be given an HPA based on a replacement flat of seven years' old plus some enhanced allowances.  <i>(Letter from SPL dated 8.3.2001)</i>	---

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
<i>Temporary rental allowance/ removal allowance</i>	(24) To suggest to the URA that a temporary rental allowance should be paid to tenants who have to move, until they are properly rehoused.		---
		(25) To 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 projects.  <i>(Letter from SPL dated 8.3.2001)</i>	---
<i>Cash compensation for tenants</i>	(26) The amount of the cash allowance will not be less than the statutory compensation payable to tenants by owners or private developers under the Landlord and Tenant (Consolidation) Ordinance in a redevelopment.		---
		(27) To suggest to the URA that for tenants who do not need rehousing may opt for cash compensation, the cash compensation for tenants of cubicles and bunk beds should not be less favourable than that currently offered to tenants by the LDC.  <i>(Letter from SPL dated 8.3.2001)</i>	---
<i>Home Ownership Scheme/Home Purchase Loan Scheme</i>		(28) To discuss with the Housing Authority (HA) and the Housing Bureau the residents' proposal that the income and assets test for applicants for a flat under the above Schemes should be more flexible in the case of tenants affected by the URA redevelopment projects.  <i>(Letter from SPL dated 8.3.2001)</i>	---

	Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill	Undertakings made by the Administration after the passage of the URA Bill	Relevant provision in the URAO <sup>1</sup> /URS <sup>2</sup> or action(s) taken
<p><i>Rehousing and rehousing sites</i></p>	<p>(29) The Government has pledged to tenants affected by redevelopment projects that no one will be rendered homeless by the implementation of redevelopment projects. The Government will take necessary steps to assist the URA in rehousing affected tenants in situ or in the vicinity as far as possible. The URA will be providing units in public housing estates in various parts of Hong Kong for affected tenants to choose from.</p>		<p>URS (para 4)</p>
		<p>(30) The proposed rehousing sites for urban renewal projects are as follow-</p> <ul style="list-style-type: none"> <li>(a) Yan cheung Road, West Kowloon Reclamation Area;</li> <li>(b) South East Kowloon Development Area;</li> <li>(c) Area 65C, Tseung Kwan O;</li> <li>(d) Area 77, Ma On Shan;</li> <li>(e) Lung Wah Street, Sai Wan; and</li> <li>(f) Western District Development Area (tentative).</li> </ul> <p><i>(Letter from SPL dated 8.3.2001)</i></p>	<p>---</p>
	<p>(31) The Government has reached a consensus with the Housing Society and the HA for them to be the rehousing agents for the URA. The URA will sign a formal agreement with the Housing Society and the HA after its establishment.</p>		<p>---</p>

	Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill	Undertakings made by the Administration after the passage of the URA Bill	Relevant provision in the URAO <sup>1</sup> /URS <sup>2</sup> or action(s) taken
<i>Flat-for-flat Exchange Scheme</i>		(32) To suggest to the URA that, under the Scheme, at least 1.2 times the number of flats in proportion to the number of participating owners should be provided for allocation.  <i>(Letter from SPL dated 8.3.2001)</i>	---
		(33) Part of the sites mentioned in item (30) above may be considered for use for the proposed Scheme.  <i>(Letter from SPL dated 8.3.2001)</i>	---
		(34) Owner-occupiers who are willing to participate in the proposed Scheme will be offered flats of Sandwich Class Housing Scheme standard.  <i>(PLW Panel meeting on 9.7.2001)</i>	---

	<p align="center"><b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b></p>	<p align="center"><b>Undertakings made by the Administration after the passage of the URA Bill</b></p>	<p align="center"><b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b></p>
<p><i>Other practical assistance to affected residents</i></p>		<p>(35) To recommend to the URA the following measures with a view to rendering further practical assistance to affected residents -</p> <ul style="list-style-type: none"> <li>(a) to grant a higher level of ex-gratia payment to elderly persons who are relying on the rent income of their flat for a living;</li> <li>(b) for a flat subdivided into several smaller flats by deed poll, if the owner(s) choose to receive only the statutory compensation for property interest and not the ex gratia HPA, they will be eligible for rehousing arrangements;</li> <li>(c) for owners of unauthorized roof-top dwellings, compensation will be payable in respect of property interest in the roof-top area concerned. Affected tenants will be eligible for rehousing arrangements if they have a genuine rehousing need;</li> <li>(d) where repair works have been carried out by owners pursuant to repair orders issued by the Buildings Authority, the URA should consider reimbursing the owners the pro-rata amount of the repair costs which correspond to the remaining period for which such works are expected to last if not for the resumption;</li> <li>(e) Plans are in place to reserve some flats of smaller sizes within the vicinity of the redevelopment districts for needy persons, notably elderly persons aged 60 or above living alone;</li> <li>(f) Tenants affected by redevelopment projects will be given priority in purchasing HOS flats;</li> <li>(g) The Administration will take steps to ensure that negative assets owners with mortgage loans will not be forced to declare themselves bankrupt and that no one will become homeless as a result of the resumption of their properties; and</li> </ul>	<p>---</p> <p>---</p> <p>---</p> <p>URS (paras 14 and 15)</p> <p>URS (para 5)</p> <p>---</p> <p>---</p>

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
<i>Compensation for non-domestic properties</i>		<p>(h) To recommend to the URA that in the unlikely event that the compensation payable to owners is insufficient for the repayment of bank loans, the URA should consider effecting loan repayment to the bank first and to be reimbursed by the owners later.</p> <p><i>(FC meeting on 30.3.2001)</i></p>	---
	(36) (a) To review compensation for non-domestic properties.	<p>(b) The Administration will extend the scope of its comprehensive review on land acquisition to also cover agricultural land.</p> <p><i>(FC meeting on 30.3.2001)</i></p>	--- ---
	(37) To consider making new ex gratia payments in place of compensation for business loss. The amount of ex gratia payments may be fixed at a certain percentage of the open market value or calculated otherwise.		---
	(38) To consider providing a bridging loan to affected owners to tide them over the difficult period after their properties are resumed.		---
<i>Determination of nature of property for compensation purposes</i>		<p>(39) In the absence of any restriction in the land lease, the nature of the property will be determined with reference to its actual use. However, where the lease has specified that the property is for commercial purpose but it has been used for domestic purpose all along, then the residents should discuss with the URA.</p> <p><i>(FC meeting on 30.3.2001)</i></p>	---

	<b>Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill</b>	<b>Undertakings made by the Administration after the passage of the URA Bill</b>	<b>Relevant provision in the URAO<sup>1</sup>/URS<sup>2</sup> or action(s) taken</b>
Appeal mechanisms	(40) For owners of domestic properties affected by land resumption, the Government will set up a non-statutory appeals mechanism. Owners who are not satisfied with the amount of HPA they receive may make appeals, which will be dealt with by an Appeals Committee consisting entirely of non-public officers.		---
	(41) To specify in the Ordinance how an Appeal Board panel will be set up and how members of the board will be appointed for hearing appeals. Anyone who feels aggrieved by a decision of the Secretary may submit his or her statement of appeal to the secretary of the Appeal Board panel.		URAO (sections 27 and 28)
	(42) The URA should be fair to appellants in engaging legal practitioner. (Responding to the concern that the appellant may not have the means to be legally represented at the hearing, the SPL has indicated that if the appellant is not legally represented, the Government may not engage legal practitioners to represent it as well.)		---
	(43) To specify in the Ordinance that the time limit for raising objections to proposed development projects be extended from one month to two months.		URAO (section 24)
	(44) To specify in the Ordinance that an owner affected by an amendment made by the SPL and not included in the original development project shall send the statement of their objection within two months, instead of 14 days.		URAO (section 24)

	Undertakings made on 26.6.2000 by SPL at resumption of debate on Second Reading of URA Bill	Undertakings made by the Administration after the passage of the URA Bill	Relevant provision in the URAO <sup>1</sup> /URS <sup>2</sup> or action(s) taken
Transitional arrangements	(45) After the dissolution of the LDC, all the assets and liabilities of the LDC will be transferred to the URA including its properties, documents, accounts and contractual agreements, and so on.		URAO (section 37)
	(46) Any employment contract signed with the LDC before its dissolution will be treated as if it is signed with the URA and employment with the LDC and the URA should for all purposes be deemed to be a single continuing employment.		URAO (section 37)
		(47) The MB of the URA is empowered by the URA Ordinance to enter into employment contracts with any person. In deciding the terms and conditions of employment contracts, the URA MB was not required to consult the Administration. As regards the question of whether there will be any change in the organizational structure, the Administration has responded that it will be up to the MB of the URA to decide. Nevertheless, any changes to the terms of employment contracts should be subject to the mutual agreement between the URA and the employee concerned.  <i>(PLW Panel meeting on 9.7.2001)</i>	---

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PLB(UR) 25/99/06<sup>Pt. 2</sup>

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**

<b><u>Item</u></b>	<b><u>Location</u></b>
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)