

## **Legislative Council Panel on Housing**

### **Ex-gratia payments for tenants of flatted factories upon redevelopment**

#### **Purpose**

Concern had been expressed that non-tenant occupiers of Cheung Sha Wan Factory Building affected by re-development were not eligible for ex-gratia allowance, which was payable to their counterparts who were tenants of the Housing Authority. We have been asked to re-consider the eligibility of non-tenant occupiers for ex-gratia allowance and to conduct a survey on existing occupiers of flatted factories to establish their eligibility for ex-gratia allowance upon clearance.

#### **Non-tenant Occupiers**

2. Under existing arrangement, tenants of the Housing Authority's flatted factories affected by redevelopment are offered ex-gratia allowance to assist them to relocate their operations. As unauthorized occupiers of flatted factories had no contractual relationship with the Housing Authority, they were not given ex-gratia allowance upon clearance.

3. We discourage unauthorized assignments of tenancy and are under no obligation to provide any ex-gratia payments to unauthorized occupiers upon redevelopment. We have recently re-considered the circumstances of non-tenant occupiers in flatted factories. In view of the fact that most of them are genuine operators who would suffer actual financial loss and interruption of business operation upon redevelopment, the Housing Authority decided on 2 September 2002 to relax the eligibility criteria for the ex-gratia allowance. Under the new arrangement, unauthorized occupiers who are genuine operators of the factories will be given an ex-gratia allowance amounting to 15 months' net market rent plus a lump sum in lieu of the three-month rent free period, which is the basic rate for proper tenants. This amount should be sufficient to provide necessary assistance to such occupiers. In the redevelopment of Cheung Sha Wan Factory Building, more than 20 occupiers had benefited from the relaxation and had been granted the allowance.

## **Survey on Existing Occupiers of Flatted Factories**

4. We do not consider it necessary to conduct a survey on existing occupiers of flatted factories to establish their eligibility for ex-gratia allowance. For genuine operators of factories, evidence of operation such as Business Registration Certificate, invoices, bills, deeds or other legal documents should be readily available. As long as occupiers can provide such evidence upon redevelopment in support of their claim as genuine operators of the factories, they will be granted ex-gratia allowance.

Housing Department  
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