

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

房屋及規劃地政局
香港何文田佛光街 33 號



Housing, Planning and Lands
Bureau

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4 August 2005

Clerk to the LegCo Panel on Housing
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Attn: Miss Becky Yu)

Dear Miss Yu,

**Legislative Council Panel on Housing
Follow-up to Meeting on 10 May 2005**

At Panel meeting on 10 May 2005, Members requested supplementary information on the costs of managing and maintaining the factory estates, the number of tenants participating in the restricted tender exercises and the criteria for determining the ex-gratia allowance. The requisite information is set out as follows.

Expenditure on Management and Maintenance

Five old factory estates of the Housing Authority are scheduled for clearance. The costs of managing and maintaining these factory estates in the past three years are set out at **Annex A**.

Restricted Tender Exercise

To assist tenants affected by the clearance of factory estates to relocate to other suitable premises, the Housing Authority invited them to participate in restricted tender exercises to bid for premises in the newer factory estates. 30 restricted tender exercises had been held in the past three years. About 80 tenants, or 84% of the total number of applicants, have succeeded in securing alternative premises of their choice for relocating their business. Details are set out at **Annex B**.

Criteria for Determining Ex-gratia Allowance

The Housing Authority provides ex-gratia allowance to tenants and operators affected by clearance of factory estates to meet part of the costs for re-establishing or winding up their business. In determining the amount of ex-gratia payment, the Housing Authority makes reference to the ex-gratia allowances for previous clearances. Adjustments are made taking into account the location and standard of facilities of individual factory estates, the latest rental indices of flatted factories compiled by the Rating and Valuation Department, and the levels of similar ex-gratia allowances provided by the Government to factory operators in squatter areas upon land resumption.

The ex-gratia allowances for individual tenants vary according to the commencement date of the tenancy, means of acquisition and terms. Tenants are categorised into five groups from A to E according to the nature of their tenancy and terms of the tenancy agreement. The ex-gratia allowances for different groups of tenants of Tai Wo Hau Factory Estate are set out at **Annex C**.

Yours sincerely,

(Miss Joey Lam)
for Secretary for Housing, Planning and Lands

c.c. AA/SHPL
DD/EM

Annex A

**Costs of Managing and Maintaining Old Factory Estates
in the Past Three Years**

Estate	Expenditure (\$ million)		
	2002-03	2003-04	2004-05
San Po Kong	6.5	7.6	9.8
Tai Wo Hau	4.9	3.6	4.1
Kwun Tong	2.8	3.4	5.5
Kowloon Bay	4.0	3.1	6.1
Chai Wan	4.4	1.9	3.9
Total	22.6	19.6	29.4

Annex B**Participation of Tenants Affected by Clearance of
Old Factory Estates in Restricted Tender Exercises**

Estate	No. of Tenants	No. of Restricted Tender Exercises	No. of Bidders	No. of Successful Cases
Kwai Chung	755	1	8	7 (88%)
Cheung Sha Wan	910	4	15	12 (80%)
Jordan Valley	80	17	15	14 (93%)
San Po Kong	912	8	55	45 (82%)

**Ex-gratia Allowances for Different Groups of Tenants
Affected by Clearance of Tai Wo Hau Factory Estate**

Block	Floor	Unit Size	Ex-gratia Allowances (\$)				
			Group A	Group B	Group C	Group D	Group E
1	Ground	18 m ²	91,260	63,882	45,630	15 months' net rent plus \$8,000	15 months' net rent
	1 st		71,010	49,707	35,505		
	2 nd		65,898	46,129	32,949		
	3 rd		60,804	42,563	30,402		
	4 th		56,556	39,589	28,278		
2 to 3	Ground	24 m ²	121,680	85,176	60,840		
	1 st		94,680	66,276	47,340		
	2 nd		87,864	61,505	43,932		
	3 rd		81,072	56,750	40,536		
3	4 th		75,408	52,786	37,704		
	5 th		69,744	48,821	34,872		
	6 th		65,208	45,646	32,604		

Explanatory Note on Tenant Groups

- Group A : These tenants acquired their monthly tenancy before January 1977 at a rent capped below market level. Their tenancy carries a right to assign for a premium. The ex-gratia allowance for this group of tenants is the highest among others.
- Group B : These tenants acquired their monthly tenancy after January 1977 at market rent. Their tenancy carries a right to assign for a premium. The ex-gratia allowance for this tenant group is equivalent to 70% of that of Group A.
- Group C : These tenants acquired their tenancy of a fixed three-year term at market rent after 1 January 1979 through tender. Their tenancy carries a right to assign for a premium. The ex-gratia allowance for this tenant group is equivalent to 50% of that of Group A.
- Group D : This particular group of tenants acquired their tenancy of a fixed three-year term at market rent between 1980 and 1983 through open tender or application. They have no right to assign. The ex-gratia allowance for them is equivalent to 15 months' net rent plus a lump sum of \$8,000.
- Group E : This group includes tenants who acquired their tenancy of a fixed three-year term at market rent after 1 January 1979 through open tender or application but do not fall under Group D. They have no right to assign. The ex-gratia allowance for them is equivalent to 15 months' net rent.

Genuine operators in the factory units who are not Housing Authority's tenants are granted ex-gratia allowance equivalent to that of Group E tenants.