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PLB(UR) 25/00/04 (00)^{Pt. 4}
CB1/BC/9/99

15 June 2000

Miss Odelia Leung
Clerk to Bills Committee on the
Urban Renewal Authority Bill
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Leung,

**Bills Committee on the
Urban Renewal Authority Bill**

Thank you for your letter of 14 June 2000.

Our response to the points raised by Members is as follows:

(a) **Proposed Home Purchase Allowance Appeals Committee**

A paper entitled “Preliminary Proposal for the Establishment of a Home Purchase Allowance Appeals Committee” is attached (Annex A) for Members’ information.

(b) **Flow Chart**

A flow chart showing the major steps in processing an application for land resumption submitted by the Urban Renewal Authority and the subsequent payment of compensation/ex-gratia allowances to persons whose properties are resumed is attached (Annex B) for Members' reference.

(c) **Clause 25**

Members have suggested that clause 25 should be amended to provide that the Chief Executive in Council shall not grant approval to sell or dispose of resumed land, except when it is in the public interest to do so. The Chief Executive in Council will always act in the public interest, and it is not necessary to state the obvious. Therefore, we propose not to include the "public interest" proviso in this clause.

(d) **Clause 26(4)**

We propose to add "reasonable" before "force" in clause 26(4) of the Bill. We will move a CSA to this effect.

(e) **Clause 26(4) and (5)**

We have further examined clause 26(4) and (5). We propose no change.

(f) **Objection period**

We confirm that we will move a CSA to amend new clause 21(7)(b) by deleting "one month" and substituting "two months".

We will let Members have a set of our revised CSAs shortly.

Yours sincerely,

(Stephen Fisher)
for Secretary for Planning and Lands

c.c. Department of Justice
(Attn: Mr J D Scott and Ms R Chai)

Director of Planning
(Attn: Mr T K Lee)

**Bills Committee on the
Urban Renewal Authority Bill**

**Preliminary Proposal for the Establishment of a
Home Purchase Allowance Appeals Committee**

Introduction

This paper sets out our preliminary proposal for the establishment of a Home Purchase Allowance Appeals Committee.

Background

2. During the public consultation on the Urban Renewal Authority Bill (the White Bill) last year, there were calls from the public for the introduction of an appeal mechanism for considering appeals against the decision of the Director of Lands in respect of the payment of Home Purchase Allowance (HPA) to owners of private properties affected by land resumption for redevelopment projects. During the examination of the Urban Renewal Authority Bill (the Bill), the Bills Committee has also asked the Administration to consider establishing an Home Purchase Allowance Appeals Committee.

Proposal

3. We propose that a non-statutory appeal mechanism should be put in place to deal with appeals by persons aggrieved by the decisions of the Director of Lands on HPA cases.

HPA

4. Owners of domestic properties are eligible for statutory compensation if their properties are resumed by the Government under the Lands Resumption Ordinance (Cap. 124). This statutory compensation will be the open market value of the resumed properties.

Owner-occupiers are also eligible for the HPA, which is an ex-gratia allowance payable to enable affected owners to purchase a relatively modern replacement flat of a similar size in the locality of the resumed flat. The amount of HPA payable is the difference between the cost of a replacement flat and the amount of statutory compensation. Under the current policy, we estimate the cost of a replacement flat on the basis of a 10 years' old flat of a size similar to the one being resumed and in the same locality. Subject to the Bill being passed into law, we propose to improve the HPA by estimating the cost of a replacement flat on the basis of an 8 to 10 years' old flat.

Proposed Arrangements

5. We propose that a non-statutory Appeals Committee panel be set up consisting entirely of non-public officers. An owner of residential property who is aggrieved by the decision of the Director of Lands in respect of the payment of HPA should, within 30 days of such decision, be allowed to submit a notice of appeal in writing to the secretary to the Appeals Committee panel. The secretary to the Appeals Committee panel would be a public officer. The Chairman of the Appeals Committee panel would nominate an Appeals Committee to hear an appeal. The secretary to the Appeals Committee panel would also be the secretary to an Appeals Committee. The Appeals Committee would hear an appeal in public, unless it is agreed by all parties concerned that the appeal should be heard in private.

6. The hearing should be informal. The appellant should be heard if he is prepared to attend the hearing. The appellant should also be allowed to be represented by someone else. A Lands Department representative should attend to explain the decision of the Director of Lands, if necessary. The Appeals Committee would then make a determination on the decision of the Director of Lands, if necessary. If the Director of Lands would not accept the determination, the case would then go to the Secretary for Planning and Lands who would review the case and make a final decision on it.

Composition

7. We propose that the Appeals Committee panel should consist of a Chairman, a Deputy Chairman and a panel of members (about 10 to 15). The Chairman or Deputy Chairman, together with 3 other members would constitute an Appeals Committee. Members of the Appeal Committee panel should come from different sectors of the community. Professionally-qualified persons and eminent members of the community should be included. The Chairman, the Deputy Chairman and the members of the Appeals Committee panel would be appointed by the Chief Secretary for Administration.

Terms of Reference

8. We propose that the Appeals Committee should be tasked to consider appeals relating to –

- (a) the eligibility of the appellant for the payment of HPA;
- (b) the calculation of the payment of HPA in a particular case; and
- (c) other related matters concerning the payment of HPA.

9. As regards (a) above, the Appeals Committee would be asked to consider the facts of the case and to decide whether the appellant is eligible for HPA according to the established policy.

10. As regards (b) above, the Appeals Committee would be asked to consider the facts of the case and to decide whether certain areas or structures within or on the premises should be included for the calculation of HPA according to announced guidelines on valuation.

Administrative Rules

11. Administrative rules would be drawn up for hearing appeals.

Application

12. In order to ensure equity for all owners affected by land resumption, we propose that the proposed appeal mechanism be extended to cover all owners affected by land resumption, irrespective of whether the land resumption is for an urban renewal project or not.

The Way Forward

13. We would finalize our proposal and work out the administrative rules for hearing appeals. A booklet would also be prepared for distribution to owners of domestic properties affected by land resumption.

Planning and Lands Bureau
June 2000

Flow Chart Showing the Major Steps in Processing an Application for Land Resumption Submitted by the Urban Renewal Authority (URA) and the Subsequent Payment of Compensation/ Ex-gratia Allowances to Persons Whose Properties Are Resumed

