

**Preliminary agreement between
the Government and the Housing Society
concerning the rehousing of tenants
affected by the redevelopment projects
of the Urban Renewal Authority**

Introduction

The Government has made a commitment not to make anyone affected by the Urban Renewal Authority's (URA's) redevelopment projects homeless. We need to ensure that there are sufficient rehousing resources to accommodate people affected by URA's projects.

2. The Housing Society (HS) currently assists to the Land Development Corporation (LDC) by rehousing tenants who are affected by LDC projects. With the establishment of the URA, we intend that both the HS and the Housing Authority (HA) would assist the URA in rehousing affected tenants.

3. We had discussions with the HS and has now come to a preliminary agreement with the HS. The HS has agreed to act as a rehousing agent of the URA.

Preliminary agreement

4. The HS has agreed to assist the URA by:
- (a) providing a sufficient number of rental flats from its existing housing stock or from newly-built blocks to the URA for rehousing affected tenants; in return, the Government will grant land to the HS for constructing an equivalent number of flats provided by the HS; and

- (b) constructing pump-priming blocks on sites granted to the HS for the purpose of rehousing tenants affected by the URA redevelopment projects.

5. Under both modes, the new flats will be owned and managed by the HS upon completion. The URA and the HS intend to form a “strategic partnership” in future.

6. The main elements of the proposed arrangements are –

(I) Mode 1 – use of causal vacancies

- (a) subject to an annual quota to be determined in consultation between the URA and the HS on the basis of a projected 5-year programme, the HS will provide sufficient housing units for rehousing tenants displaced by URA projects;
- (b) the Government will grant land to the HS for the construction of an equivalent number of flats provided by the HS over this five-year period; any land premium payable to the Government under the prevailing policy will be reimbursed to the HS by the URA; we propose that land for rehousing should in future be granted at nil premium;
- (c) the URA will reimburse the HS the full costs for the construction of the flats provided by them (including the costs for the planning and design, administration and supervision of the projects, etc);
- (d) the HS will use causal vacancies from their existing housing stock to rehouse tenants displaced by URA projects;
- (e) if available, new housing units may also be provided to supplement causal vacancies;

(f) over a period of time (say five years), the Government will provide sufficient land for the HS to construct an equivalent number of flats the HS have provided for rehousing affected tenants; in other words, there will be a “balanced account” at the end of an accounting period;

(II) Mode 2 – construction of pump-priming blocks

(g) efforts will be made to provide rehousing in urban areas for the tenants affected; as an alternative to Mode 1, sites in the urban areas will be granted to the HS for the construction of rehousing blocks for tenants affected by large redevelopment projects;

(h) the URA will reimburse the HS the full costs for the construction of these pump-priming blocks; these blocks will be used to rehouse tenants affected by URA redevelopment projects;

(i) efforts will also be made to provide local rehousing for groups with special needs, e.g. elderly and disabled people; small urban sites would be granted to the HS for the construction of special housing blocks for these groups; the construction costs will be reimbursed to the HS by the URA;

(III) Other arrangements

(j) the actual allocation of rehousing flats will be the responsibility of the URA; it will pool the flats provided by the HS with other rehousing resources to enhance flexibility in making rehousing arrangements for displaced tenants;

- (k) a freezing survey will be conducted by the URA on the same day as the gazettal of a project to minimize the chances of a sudden influx of new tenants to an area to be redeveloped;
- (l) management and maintenance costs of the flats provided by the HS will be borne by the HS; once the public rental housing units are reserved and allocated to the URA, it will start to pay rents to the HS even if they are not yet occupied by the clearerees;
- (m) displaced tenants will be rehoused according to existing eligibility criteria set by the HS;
- (n) a tenant household which meets the eligibility criteria of the HS may be offered a choice of rehousing by the HS or cash compensation by the URA; a tenant household which is not eligible for rehousing will only be offered cash compensation;
- (o) a tenant household which is covered by URA's freezing survey but which cannot satisfy the basic rehousing eligibility criteria may be accommodated in interim housing;
- (p) a system will be devised to avoid tenant households receiving double benefits; and
- (q) apart from providing public rental flats, the HS may also consider offering other schemes to affected tenants as an option.

The Way Forward

7. A detailed agreement between the URA and the HS will be drawn up. A formal agreement will be signed when the URA is established.

Discussions with HA

8. Considerable progress has been made in our discussions with the HA. The HA is prepared to consider providing an annual quota of rental flats from its existing housing stock for rehousing affected tenants. It has proposed a set of terms and conditions which we need to put to the future URA before accepting. We intend to come to an agreement with the HA as soon as practicable.