

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

**Proposed Enhancement of the
Home Purchase Allowance**

Issue

Members of the Bills Committee have asked the Administration to review the Home Purchase Allowance (HPA) for owners of domestic properties affected by the resumption of land.

Proposal

2. We propose that the basis for calculating the HPA be revised from a replacement flat of about 10 years' old to a replacement flat of about 8 to 10 years' old.

Background and Argument

3. At present, 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. Owners are also eligible for the HPA, which is an ex-gratia allowance payable to enable affected owners to purchase a replacement flat of a similar size in the locality of the resumed flat.

4. The amount of HPA payable in individual cases is the difference between the cost of a replacement flat and the amount of statutory compensation. Under the current policy, the cost of a replacement flat is based on a flat of about 10 years' old of a size similar to the one being resumed and in the same locality.

5. In order to let affected owners have a wider choice of flats in the same locality, we propose that the basis of calculating the HPA be revised from a replacement flat of about 10 years' old to a replacement flat of about 8 to 10 years' old.

Application

6. We expect that most of the future resumption of land under the Lands Resumption Ordinance would be carried out for the URA. We intend that the revised HPA should be made applicable to all land resumed under any Ordinance.

The Way Forward

7. If the Urban Renewal Authority Bill is passed into law, we would seek the approval of the Finance Committee of the Legislative Council to improve the HPA.

Planning and Lands Bureau
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