

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

## **Cash Compensation for Tenants of Domestic Premises Affected by Repossession for Redevelopment or by Land Resumption**

### **Introduction**

Members of the Bills Committee have asked for an information paper on cash compensation for tenants of domestic premises affected by repossession for redevelopment or by land resumption.

2. This paper sets out the cash compensation terms for tenants of domestic premises affected by –

- (a) private redevelopment;
- (b) redevelopment projects of the Land Development Corporation (LDC);
- (c) land resumption by the Government; and
- (d) urban renewal projects of the Urban Renewal Authority (URA).

### **Private Redevelopment**

3. When premises are repossessed for redevelopment by a landlord or private developer, the statutory compensation payable by the landlord or private developer to the tenants under section 119F(4) of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) is calculated according to a sliding scale of compensation levels as follows –

<u>Rateable Value (RV)</u>	<u>Multiplier</u> (No. of times the RV)
For the first \$30,000 of the RV (where RV does not exceed \$30,000)	7
For the second \$30,000 of the RV (where RV exceeds \$30,000 but does not exceed \$60,000)	5
For the third \$30,000 of the RV (where RV exceeds \$60,000 but does not exceed \$90,000)	3
For the remainder of the RV (where RV exceeds \$90,000)	1

4. This provision of the Landlord and Tenant (Consolidation) Ordinance does not apply to land resumption by the Government.

### **LDC**

5. The LDC offers tenants of domestic premises affected by its redevelopment projects a choice of either –

- (a) rehousing provided by the LDC or by the Housing Society; or
- (b) cash compensation.

Tenants opting for rehousing are also offered a removal allowance.

6. The cash compensation package offered by the LDC consists of two components –

- (a) a basic offer based on 5 times the current rateable value of the premises, or the amount of statutory compensation under section 119F(4) of the Landlord and Tenant (Consolidation) Ordinance, or a specified minimum according to household size and type of accommodation, whichever is higher; and
- (b) an incentive payment of 70%, 50% or 30% of the basic offer in addition to the basic offer if settlement is achieved within 1 month, 2 months or 3 months respectively from the date of the compensation offer.

According to past statistics, most tenants affected by LDC redevelopment projects opted for cash compensation.

### **Land Resumption**

7. At present, a tenant of domestic premises affected by Government's land resumption is eligible for -

- (a) rehousing by the Housing Authority (either in public rental housing or in interim housing); and
- (b) an ex-gratia removal allowance.

There is no cash compensation for affected tenants if they do not accept rehousing.

## **URA**

8. When the URA is established, a tenant affected by land resumption for a URA project would be offered either-

- (a) rehousing by either the Housing Authority or the Housing Society, plus an ex-gratia removal allowance; or
- (b) some other form of housing assistance, such as Green Form status in applying for a Home Ownership Scheme flat or a housing loan; or
- (c) cash compensation offered by the URA.

9. The amount of cash compensation would be determined by the URA, but the amount would not be less than the statutory compensation under the Landlord and Tenant (Consolidation) Ordinance.

Planning and Lands Bureau

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