

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

**Proposed Ex-gratia Allowance
for Owner-occupiers and Tenants
of Non-domestic Properties**

Issue

At the Bills Committee meeting held on 26 April 2000, Members asked the Administration to take into account all relevant factors when determining the rate for the proposed new ex-gratia allowance for owner-occupiers and tenants of non-domestic properties.

Background

2. Owner-occupiers of non-domestic properties whose premises are resumed by the Government under the Lands Resumption Ordinance (Cap. 124) are offered:

- (a) the fair market value of their properties, plus an ex-gratia allowance (covering rental cost for the removal period, removal costs, decoration costs, stamp duty, and legal and agent's fees); or
- (b) the fair market value of their properties, plus the option to claim business loss under section 10(2)(d) of the Lands Resumption Ordinance and disturbance payment under section 10(2)(e) of the same Ordinance.

3. Owners of tenanted premises are eligible for statutory compensation which is the fair market value of their properties. However, they are not offered the ex-gratia allowance as they are not operating a business out of the premises.

4. Tenants of non-domestic properties affected by the resumption of land are offered the same ex-gratia allowance as owner-occupiers of non-domestic properties. Alternatively, they are entitled to claim business loss under section 10(2)(d) of the Lands Resumption Ordinance and disturbance payment under section 10(2)(e) of the same Ordinance.

Review

5. We are aware that owner-occupiers and tenants of commercial premises (mostly shopkeepers) are often unable to produce documentary evidence to prove business loss. We are now reviewing the ex-gratia allowance for owner-occupiers and tenants of commercial premises to see if it should be enhanced. We are considering a new ex-gratia allowance based on a specified percentage of the fair market value of the resumed premises.

6. We also need to review the ex-gratia allowance for owner-occupiers and tenants of industrial premises (mainly factory operators) to see if it should be enhanced. The basis for determining this new ex-gratia allowance may have to be different from that for owner-occupiers and tenants of commercial premises as the market value of industrial premises may not be the most appropriate basis for this purpose.

Planning and Lands Bureau

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