



1. Introduction

1.1 In face of acute land shortage amounting to 815 hectares in the next decade, there is almost a consensus view in Hong Kong to deploy some of the brownfield sites (with an area of 1 580 hectares) for housing development.¹ Unlike overseas brownfield sites which are usually left vacant for a long time, local brownfield sites are economically active, with nine-tenths of them occupied for various business activities (e.g. storage, workshops and vehicle parking) providing 52 000 jobs.² While the Government may invoke the Lands Resumption Ordinance (Cap. 124) ("LRO") to resume such sites for redevelopment, there are concerns that it would lead to judicial reviews from the owners or occupants which could last for "eight to nine years".³ Although the Government has enhanced the ex-gratia compensation in July 2018, owners and operators of the brownfield sites still find it too low and unattractive.⁴ At the suggestion of the Task Force on Land Supply at end-2018 to expedite land resumption, the Government is exploring new initiatives to relocate brownfield operators to multi-storey buildings ("MSBs") on other sites to enable their continued business operation.⁵

1.2 At the request of Hon LAU Kwok-fan, the Research Office has studied measures to relocate business operators affected by land resumption in selected places. Given that the definition of "brownfield" in the global context varies considerably from that in Hong Kong, this study will look into relocation of business operators on any private land (i.e. not just brownfield) resumed by

¹ Task Force on Land Supply (2018).

² Overseas brownfield sites usually refer to (a) former industrial land abandoned or contaminated; and (b) existing developed land with potential for redevelopment. In Hong Kong, brownfields are mostly former agricultural land converted to other uses due to declining farming activities. See Legislative Council Secretariat (2015b).

³ GovHK (2018).

⁴ 東周刊 (2018) and Legislative Council Secretariat (2019).

⁵ GovHK (2021).

the governments for public projects in selected places.⁶ Singapore and Taiwan are chosen for further study because (a) they have established relocation policies over the past three decades; and (b) their socio-economic backgrounds and developments are broadly similar to those in Hong Kong. This information note begins with a review of the brownfield redevelopment policy in Hong Kong, followed by corresponding policy measures to relocate business operators seen in Singapore and Taiwan. A concise table is also attached for easy reference (**Appendix**).

2. Recent policy on brownfield redevelopment in Hong Kong

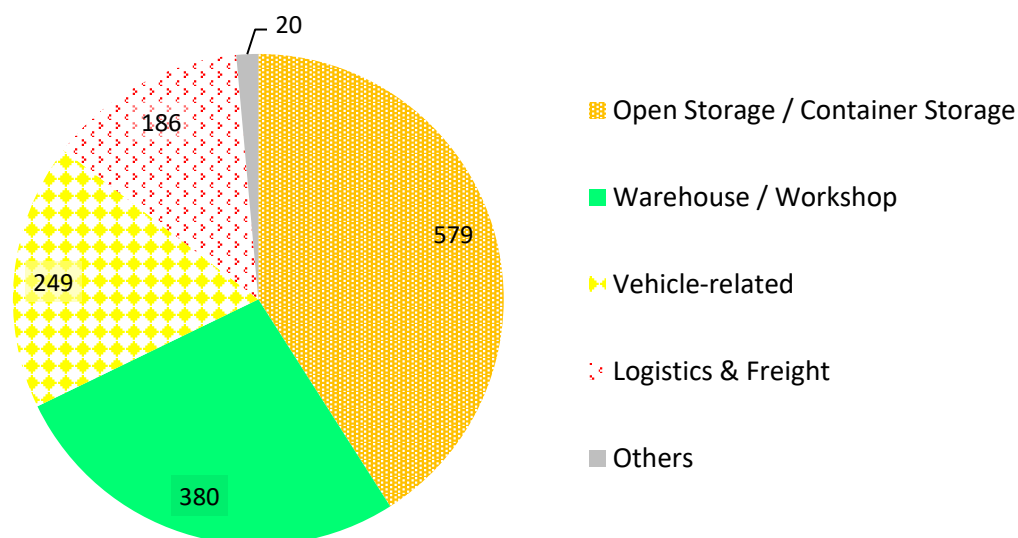
2.1 In Hong Kong, brownfield sites are largely former agricultural land in the New Territories ("NT"), mostly (84%) privately-owned but without proper town planning and infrastructure.⁷ After a landmark court ruling on the usage of agricultural land in NT in 1983, "other eligible uses" including industrial processing have been permitted on such land.⁸ Though the Town Planning Ordinance (Cap. 131) was amended in January 1991 to control usage of such land in compliance with statutory town plans, industrial and commercial usage of agricultural land still grew by leaps and bounds in the next two decades, propelled by rapid port development by then. ***Based on a study commissioned by the Planning Department and completed in 2019, there is a total of 1 580 hectares of brownfield sites in Hong Kong, within which 1 414 hectares or 89% are engaged in low-density business operations, attracted by its cheaper rents and open areas meeting the operational needs of the occupants.*** More specifically, 41% of the active brownfield sites are used for storage, 27% for warehouses and workshops, and 18% for vehicle repairing and parking (**Figure 1**). As a whole, these business operations provide 52 000 jobs in the economy.

⁶ Metro Vancouver (2012), McKinsey & Company (2014), GovUK (2014) and World Bank (2016).

⁷ Figure refers to active brownfield sites. See Planning Department (2019).

⁸ According to *Attorney General v Melhado Investment Ltd.* ruled by the High Court in 1983, so long as "development" does not include any structures, the land owner may use the land for purposes other than agriculture (e.g. open storage of goods) under the existing lease term.

Figure 1 — Economic usage of brownfield sites in Hong Kong in 2019 (hectares)



Note: "Others" include film studio, works area/site office, etc.

Source: Planning Department.

2.2 The Government notes that redevelopment of brownfields is not easy and involves "huge costs of supporting infrastructure", given the scattered distribution of such sites and their irregular land shape.⁹ During 2007-2014, there was a decade-long discussion over the redevelopment of some 600 hectares of brownfields in the New Development Areas in Northern NT, but little progress is made so far.¹⁰ At end-2018, the Task Force on Land Supply projected that land shortage in Hong Kong would amount to 815 hectares in the next 10 years and recommended that "developing brownfield sites" should be accorded high priority in land development. This policy option has many apparent benefits, including (a) development of brownfield sites is "strongly backed by the public"; (b) a large amount of brownfield sites can be made available for housing development within a shorter time; and (c) it can rationalize land uses and improve the rural environment in NT.¹¹ ***The Chief Executive accepted the recommendation and the 2020-2021 Budget projected that a total of over 860 hectares of brownfield sites will be gradually redeveloped for housing and other land uses in future.***¹²

⁹ Development Bureau (2017b).

¹⁰ 劉勵超 (2019).

¹¹ During the consultations conducted by the Task Force on Land Supply, over 80% of surveyed respondents supported the option of developing brownfield sites. See Task Force on Land Supply (2018).

¹² GovHK (2019 and 2020a) and Development Bureau (2021).

2.3 ***Under LRO enacted in 1900, the Government has the statutory authority to resume any privately-owned land (including brownfield sites) for public development projects upon payment of "statutory compensation" to the affected owners and tenants.*** However, it is deemed to be challenging to invoke LRO and evict the existing business operators from the brownfield sites, due to the following two factors:

- (a) **Unattractive statutory compensation:** Both the owners and occupant operators need to prove that they would incur substantial business loss (together with removal costs and professional fees) upon eviction. This claiming process could take three to four years.¹³ While the compensation amount is assessed by the Lands Department based on the "open market value" of the existing land use, this could be substantially below the "hope value" of the sites concerned upon completion of the redevelopment.¹⁴ Under the existing policy, the Government does not consider redevelopment potentials in making statutory compensation, unless they are proven before resumption.¹⁵ As such, brownfield operators complain that such compensation is not enough for them to revive their business on other sites;¹⁶ and
- (b) **Restraint in the execution of resumption power:** The Government cautions that LRO "should not be invoked arbitrarily" because it infringes private property rights and could be liable to judicial

¹³ Statutory compensation does not apply to brownfield operations tolerated under the 1982 Squatter Control Survey or permitted by short-term land instruments or tenancies not in breach of the relevant conditions. See Development Bureau (2017a).

¹⁴ According to *Director of Lands v Yin Shuen Enterprises Limited* ruled by the Court of Final Appeal in 2003, while market players who expect a redevelopment might have been willing to pay more for the land in question, such increase in market value must be disregarded in assessing statutory compensation for resumption under LRO, even though the open market value driven by speculative expectancy might be higher than the compensation. See Yeung (2014).

¹⁵ According to *Siu Sau Kuen v The Director of Lands* ruled by the Court of Appeal in 2013, hope value will only be considered with a proven likelihood of redevelopment of the resumed property beforehand, including (a) "actual proposals by the applicant to redevelop the property" or (b) "evidence of redevelopment in the vicinity of the resumed property" giving rise to "a viable redevelopment scheme" within "a reasonably foreseeable time scale". See Legislative Council Secretariat (2015a).

¹⁶ On resuming agricultural land in NT, owners who rejected the first offer of land compensation (HK\$327-HK\$1,090 per sq foot upon location and relevant transactions nearby) can negotiate with the Government on their proposed compensation value. If no agreement is made, the cases will be referred to the Lands Tribunal for determining the final statutory compensation amount based on open market value, normally excluding the hope value of land redevelopment.

reviews which could "last for as long as eight to nine years".¹⁷ As a result of this restraint, there were just eight cases of judicial reviews lodged by owners of private land arising from 154 invocations of LRO during the two decades between July 1997 and December 2017. While the court rulings were in favour of the Government in all these eight cases, the Government attributed this to its practice of "invoking LRO to resume private land carefully and prudently".

2.4 To provide another incentive to move out the resumed land voluntarily, the Government has also offered ex-gratia allowance ("EGA") in lieu of statutory compensation to affected owners and occupants since 1988. EGA is usually higher than the statutory compensation, and payments can be made within a few months. EGA used to be confined to those brownfield operators registered before the 1982 Squatter Control Survey, and hence, counted as "workshops" in EGA payment. The prevailing rate of EGA for "workshops" was broadly equivalent to the sum of the past 15 months of average monthly rental of private flatted factories in NT, based on an assessment of the Rating and Valuation Department.¹⁸ However, this policy excluded a bulk of operators commencing business only after the designated year on the one hand, and the level of EGA was also alleged to be on the low side on the other.¹⁹

2.5 In July 2018, the Finance Committee of the Legislative Council approved enhancements of the EGA arrangement proposed by the Government in order to further incentivize voluntary surrender of private land from both households and business operators. More specifically for the business undertakings on brownfield sites, it relaxes the eligibility criteria of applicable EGA. It introduces a new EGA item for "Open-air/Outdoor Business Undertakings", shortening the duration of continuous operation to just seven years before the clearance. Yet the prevailing rate of new EGA for this new item is still broadly the same as that for workshops. As a crude indication of the EGA level, smaller brownfield operators with a site area of 25 sq m could

¹⁷ GovHK (2018).

¹⁸ The EGA is assessed based on the size of the covered area and open area of the site resumed. For the former, the prevailing rate is applied to the total area without a cap, with such rate multiplied by 10 times on a minimum qualifying area of 5 sq m for the first 5-25 sq m. For the latter, the prevailing rate is multiplied by one-sixth subject to a minimum qualifying area of 20 sq m, subject to a cap at 1 000 sq m. See Development Bureau (2018).

¹⁹ 東周刊 (2018) and Legislative Council Secretariat (2019).

receive EGA around HK\$120,000 as at March 2021, while bigger operators with an open area of 5 000 sq m could receive some HK\$2 million. The latter is also the maximum EGA for those brownfield sites bigger than 5 000 sq m.²⁰

2.6 *The Government did not have a relocation policy for brownfield operators, but it is contemplating a new initiative to expedite the development of such land.* In end-2018, the Task Force on Land Supply recommended a comprehensive resettlement policy for brownfield operators. The Government takes on board the recommendation and has conducted a feasibility study in November 2019. On this basis, a total of 72 hectares of land in Hung Shui Kiu and Yuen Long South has been reserved for relocation, with a majority of such land for the development of MSBs for industrial operations, along with a small part for open-air operations. As the first batch of MSB sites is scheduled for completion by 2023 at the earliest, such MSBs are expected to be ready for use by 2027, paving way for the larger-scale clearance of brownfield operations from 2028 onwards.²¹ The Government is now conducting a market-sounding exercise scheduled for completion in 2021, gauging feedback from the operators on MSB proposals.

2.7 *The new initiative of MSBs appears to be a big stride in the relocation of brownfield operators, but there are still outstanding concerns from the affected operators.*²² *First*, the Government refrains from providing "one-on-one" re-provisioning for the affected businesses because "search for operating space is essentially a market behaviour". As such, brownfield operators have concerns about whether the monthly rentals for the newly built MSBs would be beyond their affordability.²³ *Secondly*, as half (43%) of the brownfield operators set up their businesses due to the open-air environment, it is not clear whether their operations could be compatible with the setting of MSBs. *Thirdly*, both the statutory compensation and EGA on land resumption is considered to be too modest for relocating business operation elsewhere. *Fourthly*, even after shortening the minimum occupancy period for EGA to seven years in 2018, one-fourth of surveyed brownfield operators still could not meet

²⁰ Under the new EGA, the minimum and maximum qualifying size of the open area on the site increases to 20 sq m and 5 000 sq m, while those for the covered area are as same as EGA for workshops. Assuming a brownfield site with a minimum qualifying covered (5 sq m) and open area (20 sq m), EGA could amount to about HK\$120,000. For a brownfield site with a maximum qualifying open area (5 000 sq m) and a 30 sq m covered area, EGA would amount to HK\$2 million as at March 2021.

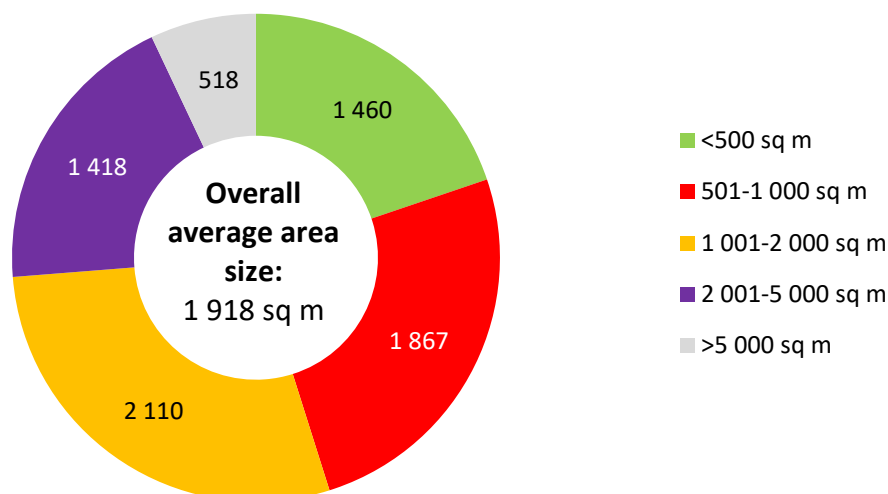
²¹ GovHK (2021).

²² South China Morning Post (2020).

²³ GovHK (2020b).

this requirement by 2021.²⁴ *Fifthly*, the EGA payment subject to a maximum of 5 000 sq m for the open area is considered to be unfair to larger brownfield operators. Taking container storage as an example, the average area size is as large as 7 900 sq m (**Figure 2**).²⁵ *Sixthly*, brownfield operations under sub-leasing agreements are ineligible for any compensation.

Figure 2 — Number of active brownfield sites in Hong Kong by area size in 2019



Source: Planning Department.

3. Relocation of business operators upon land acquisition in Singapore

3.1 Singapore has a long history of government-led land acquisitions for squatter clearance, housing, and infrastructural development. At its peak during the 1960s-1980s, land resumption covered as much as 30% of Singaporean land, resettling 316 000 households and businesses at a total cost of S\$2.6 billion (HK\$15 billion). After the end of squatter clearance in the 1990s, resumed land still plays a key role in overall land supply. More specifically on brownfields in Singapore, they mainly refer to former landfill sites reserved for future industrial use, without any relocation needs.²⁶ As such, this section focuses on the relocation of business operations in Singapore arising from the acquisition of non-residential land for public development.

²⁴ Planning Department (2019) and Legislative Council Secretariat (2019).

²⁵ Planning Department (2019), 大公報 (2017) and 東方日報 (2019).

²⁶ Chan (2011).

3.2 ***The Land Acquisition Act ("LAA")*** was enacted in 1966, empowering the Singaporean government to resume land and grant compensation to the affected parties on the basis of open market value, with several amendments afterwards. Singapore Land Authority ("SLA") is the lead implementation agency of LAA right now, but specific relocation arrangements mainly fall into the portfolio of the Housing and Development Board ("HDB") and Jurong Town Corporation ("JTC").²⁷ Ever since the 2000s, the Singaporean government has been keen to redevelop older industrial areas into higher-density industrial estates, releasing some of the land parcels for housing development. It is considered that redevelopment of industrial land is more cost-effective than the land reclamation option.²⁸

3.3 Similar to the land resumption in Hong Kong, redevelopment of industrial areas in Singapore needs to invoke LAA and involves monetary compensation to existing occupants. However, it appears that the Singaporean government has been providing more support to the occupants in the entire process over the past 50 years, especially so in the relocation of business operations to other sites. Here is a summary of the latest land resumption process in Singapore:

- (a) **Forward planning in the relocation of business operators:** In 2011, SLA set up the Land Acquisition Inter-Agency Committee ("LAIAC"), comprising senior officials from the Ministry of Law and major public sector agencies (e.g. HDB, JTC, and Urban Redevelopment Authority). LAIAC is tasked with (a) examining the necessity of proposed land acquisitions; and (b) advising the timing and management of acquisition, including the viability of relocation measures. Before submission to Cabinet for final approval, it takes one to two years for LAIAC to deliberate details of a land acquisition and resettlement project,²⁹
- (b) **Flexible and tailor-made ex-gratia payment to the owners:** While statutory compensation under LAA is mostly paid to owners (not tenants), ex-gratia payment ("EGP") for owners was introduced in 1982. Unlike EGA in Hong Kong, EGP is a "goodwill payment" paid to owners on top of statutory compensation so that they will not be "worse-off" or experience financial hardship after land

²⁷ JTC is responsible for acquiring private land and subsequent resettlement for developing new industrial land. See Centre for Liveable Cities Singapore (2019).

²⁸ Chan (2011).

²⁹ Centre for Liveable Cities Singapore (2014).

acquisition. The amount of EGP can vary to meet the needs of individual operators, especially when statutory compensation is significantly lower than the outstanding mortgage value;³⁰

- (c) **Flexible ex-gratia payment for tenants:** For tenants of industrial estates managed by HDB and JTC, they can receive EGP at around S\$48,000 (HK\$277,440) per firm to defray relocation costs. Also, land-based factories may be entitled to another compensation equivalent to the market value of their remaining lease. Only affected operations wholly owned by Singaporean and operated for no less than 15 years before clearance are entitled to EGP, however. Occasionally, EGP may be even higher if the land is acquired at very short notice.³¹ Also, operators as tenants on private industrial land may receive EGP to cover relocation and re-configuration costs;

- (d) **Relocation to clustered sites:** Since 1997, HDB and JTC have resumed land of older industrial areas thematically by phases, with a view to relocating similar industries (e.g. motor workshops and food factories) in newly built high-rise MSBs with shared facilities meeting their unique operating requirements. It helps cluster resettled operations along the same value chain in new complexes, facilitating business collaboration and saving upfront capital. Usually, the affected operators can stay on the existing premises until the replacement units are completed. For instance, an Automotive Hub and a Furniture Hub were recently completed by JTC during 2019-2020, and affected operators are being relocated;³²

- (e) **Specially-designed multi-storey industrial buildings as relocation sites:** To enhance land productivity, JTC increases the plot ratio of redeveloped industrial land from 0.5 in the 1970s to 2.5 at present, erecting "stack-up/ramp-up" MSBs with a special design for

³⁰ Yu (2003) and Parliament of Singapore (2015).

³¹ For example, the redevelopment of Woodlands Industrial Park in 1995 was scheduled with an 18-month clearance period at very short notice. To expedite the process, EGP was enhanced to S\$52,000 (HK\$300,560) per operation for the 562 affected tenants. See Yu (2003) and Housing and Development Board (2012).

³² Taking the Furniture Hub as an illustration, it is located on a two-hectare site with 63 modular units ranging in size from 500 sq m to 3 000 sq m. Each unit comes with a factory frontage, an office or reception mezzanine, a multi-use shop floor, and integrated loading and unloading bays. See Parliament of Singapore (2014 and 2017b) and The Business Times (2016).

resettlement of business operations from small terraced and standalone factories. These MSBs are usually equipped with (i) five to nine storeys with higher floor loading and ceiling height; (ii) customized unit size meeting operating needs; (iii) direct ramp for truck access and loading/unloading area for each unit on every floor; (iv) a rooftop purpose-built dormitory for workers; and (v) shared facilities specifically designed for the operations such as centralized liquid petroleum gas supply and automatic pneumatic waste disposal system in a food manufacturing complex;³³

- (f) **Concessionary tenancy and purchase terms for replacement units:** Resettled businesses in new industrial complexes are entitled to a number of concessionary terms. They usually include: (i) priority allocation of replacement units; (ii) a staggered period up to eight years if the market rentals of the new complexes are higher than the existing premises;³⁴ (iii) 2-6 months rent-free fitting up period; (iv) longer lease term up to 20 years instead of a usual three-year tenancy; and (v) price discounts of 3%-5% for buyers of replacement units, along with a favourable re-selling price based on a shorter lease period of 30 years;³⁵ and
- (g) **Dedicated resettlement teams:** Dedicated resettlement teams will be organized to assist affected owners and operators in (i) seeking alternative premises; (ii) claiming compensations; and (iii) renovation plan and further rental assistance on a case-by-case basis.³⁶

3.4 Resumption of land amounting to 130 hectares at an old and low-rise Defu Industrial Estate is a recent example of relocation policy in Singapore.³⁷ The resumption aims at releasing land and rationalizing its land use so that it is compatible with an upcoming new town nearby in the next 20 years.³⁸

³³ Centre for Liveable Cities (2013) and Jurong Town Corporation (2021).

³⁴ Parliament of Singapore (2017b).

³⁵ Parliament of Singapore (1998), Yu (2003), Housing and Development Board (2012) and Centre for Liveable Cities (2019).

³⁶ Parliament of Singapore (2017a) and Centre for Liveable Cities (2019).

³⁷ Operations in the estate are mostly food, aluminium and furniture-making factories.

³⁸ The new town was planned due to the removal of an 800-hectare air force base to Changi by 2030. See Urban Redevelopment Authority (2021).

Resumption is divided into three phases as from 2012, beginning with a relocation of 219 or one-fifth of tenants and lessees (mostly land-based factories) with similar trade clusters to two new "ramp-up" complexes (i.e. Defu Industrial Park and Bedok Food City) scheduled for completion in 2020-2021 at a cost of S\$1.3 billion (HK\$7.5 billion). The design of these MSBs is tailor-made after consultation with existing operators. On the back of relocation packages (e.g. EGP, rental concession, and rent-free fitting period), operators are moving in MSBs by batches in 2021.³⁹

3.5 Redevelopment of low-density industrial land has not reduced the overall supply of industrial spaces in Singapore, partly because of the erection of higher-density MSBs as a replacement. During 1990-2020, public industrial space has increased by 33% to 6.5 million sq m. Feedback of relocated operators in high-rise MSBs is generally positive, especially the long lead time (e.g. usually five years) in relocation before the clearance. Yet there are still concerns on (a) smaller replacement units in MSBs; (b) higher rentals in the long run; and (c) higher renovation costs and new equipment costs. The Singaporean government is studying measures to further increase the plot ratio of MSBs so as to accommodate more relocated operations with better facilities.⁴⁰

4. Relocation of business operators upon land acquisition in Taiwan

4.1 Before the 1980s, land acquisition in Taiwan was mainly for squatter clearance, urban renewal, and infrastructural development. After the 1990s, land acquisitions were conducted to address urban expansion in major cities.⁴¹ More recently in the 2010s, local governments in Taiwan aim to redevelop a total of 50 000 hectares of former agricultural land in light of improved transport infrastructure (e.g. High-speed rail and metro lines), partly for social housing.⁴² Such converted farmland was mostly occupied by low-rise old factories and squatters without proper town planning, similar to brownfields in Hong Kong.

³⁹ Housing and Development Board (2012).

⁴⁰ Lee (2012), AsiaOne (2012) and Kaushik (2012).

⁴¹ 李素蘭 (2010).

⁴² 經濟建設委員會 (2006) and 國家發展委員會 (2016).

4.2 ***The Land Act and the Land Expropriation Act ("two Acts") enacted in 1936 and 2000 respectively empowers the Taiwanese government to acquire land and offer statutory compensation***, with legislative amendments over time.⁴³ In short, these two pieces of legislation provide a centralized regulatory framework, but local governments have leeway to determine implementation details (e.g. specific entitlements and compensation criteria), including the relocation of affected operators.

4.3 Key features of compensation and relocation policies in Taiwan are briefly summarized below:

- (a) **Forward planning in the relocation of operators:** Under the two Acts, local governments in Taiwan have a statutory duty to offer relocation plans for residents and agricultural operations in their land resumption proposals submitted to the central government in Taiwan. However, local governments usually devise relocation measures for business operations as well. Implementation details (e.g. compensation amount and scale of resumption) may be negotiable, subject to amendments during several rounds of public hearing;
- (b) **Comprehensive monetary compensation:** Under the two Acts, statutory compensations offered to registered operations are rather comprehensive. These include: (i) ***compensation for land*** on the basis of market value for operators cum land owners; (ii) ***compensation for expropriated properties*** on the basis of the floor area of the affected properties multiplied by the price of reconstruction for both owner-occupiers and tenants, without any payment ceiling;⁴⁴ and (iii) ***relocation fees*** amounting to 50%-80% of (ii).

More importantly and unlike Hong Kong and Singapore, affected operators in Taiwan are also entitled to ***compensation for business loss*** equivalent to three years of average net operating income filed in the tax returns. Also, they are entitled to

⁴³ Ministry of the Interior (2011 and 2012).

⁴⁴ Reconstruction cost is set out by local governments. Taking Taipei as an illustration, such unit cost is NT\$16,460-NT\$33,640 (HK\$4,428-HK\$9,049) per sq m, depending on building materials and the number of storeys of the property. See Department of Land Administration (2011a and 2011b).

subsidies for equipment and material costs in the process of dismantling and reinstalling facilities and machinery.⁴⁵ To expedite the process, some cities (e.g. Taipei, Taoyuan and Kaohsiung) even offer **bonuses** equivalent to 20%-50% of the amount of compensation in (b)(ii) above for early surrender of the sites or preliminary demolition completed by occupants;⁴⁶

- (c) **Compensation for unregistered sub-lessees:** For the unregistered sub-lessees of the land, they are entitled to some of the above compensations upon clearance, but at a reduced rate. For instance, those who have paid Business Tax before may receive 50%-80% of the compensation amount of (b)(ii) and (b)(iii) above;⁴⁷
- (d) **Business relocation to a site nearby:** For those owner-occupiers keen on relocation, local governments must offer a site nearby for them to purchase, with purchasing value for buy-back hinging on a couple of factors (e.g. statutory compensation for resumed land to land owners, development costs, the total land area reserved for buy-back, land price after expropriation, etc.). However, these relocated owners cannot receive compensation of b(i) above, and the area of the relocation site may not be exactly the same as the one they occupied before. For the tenants of the resumed sites, they may also indicate an interest to buy land in the relocation site, but their applications are accorded a lower priority;
- (e) **Tax benefits for relocated owners-operators:** For the above owners-operators buying land at the relocation site, they are exempted from Land Value Increment Tax, along with a 40% discount of this tax for re-selling the land. Also, the Land Value Tax of the buy-back lands will be halved for the first two years;⁴⁸ and

⁴⁵ In case business loss cannot be determined by the above method, it will be based on the following formula: (a) one-off payment of NT\$66,000 (HK\$17,754) for the business area below 15 sq m; (b) NT\$1,100 (HK\$296) per sq m for the portion of the area between 15 sq m-150 sq m; and (c) NT\$660 (HK\$178) per sq m for the rest of area over 150 sq m. While a business loss is alleged to be considered in the statutory compensation in Hong Kong, there is no explicit formula for calculation. In Singapore, the government does not offer any compensation for business loss. See Department of Land Administration (2012).

⁴⁶ 莊書銘(2007) and 桃園市政府(2021).

⁴⁷ 臺北市政府法務局(2017), 高雄市政府(2018) and 桃園市政府(2021).

⁴⁸ 臺北市政府地政局(2021).

- (f) **Dedicated business relocation services:** Local governments in Taiwan also set up customized relocation services to assist the businesses concerned to cater for their actual needs during the process. These include (i) consultancy on searching relocation sites; (ii) application for compensations; (iii) career planning and financial assistance for the unemployed; and (iv) low-interest loans for small and medium-sized businesses.

4.4 Recent land resumption in Taoyuan and Taipei in the 2010s can illustrate the relocation policy in Taiwan. For the first-phase land development of Taoyuan Airport Metro A7 station, about 185 hectares of land adjacent to the station were resumed in 2011 for a new town at a cost of NT\$16 billion (HK\$4.3 billion) and completed in end-2020. As some 63 hectares of the resumed area were occupied with low-rise factories, storages, and workshops, the Taiwanese government offered multi-pronged measures as discussed above. These were generally well-received amongst affected operators, though with complaints lodged on insufficient entitlements and relocation land for buy-back.⁴⁹ A similar resettlement approach was adopted in other major land resumption projects most recently, including the 2 600-hectare site for Taoyuan Aerotropolis and 300-hectare site for Shezi Island in Taipei.⁵⁰

4.5 During 2001-2019, some 6 700 hectares of land across Taiwan were resumed, 64% of which were located in the six major cities (e.g. Taipei and Kaohsiung).⁵¹ Based on the limited information in the public domain, it appears that the affected business operators in Taiwan did not have a strong opinion on the compensation and relocation policies.

5. Observations

5.1 In **Hong Kong**, it is considered imperative to resume some of 1 580 hectares of brownfield sites for housing development, but nine-tenths of such land is economically active. While invoking LRO to resume such sites may

⁴⁹ Yet there are still concerns on more entitlements for unregistered operations, reserved relocation sites for buy-back, transparent assessment for compensations, and further assistance for searching suitable relocation sites at a lower cost. See 內政部 (2011) and 自由時報 (2017).

⁵⁰ 桃園市政府 (2019) and 監察院 (2020).

⁵¹ The six major cities in Taiwan include Taipei, New Taipei, Taoyuan, Taichung, Tainan, and Kaohsiung. See 內政部地政司 (2020).

lead to prolonged judicial reviews, the ex-gratia compensation enhanced in July 2018 is still considered to be unattractive by many brownfield operators. The Government is deliberating a new initiative to relocate brownfield operators to MSBs to facilitate their continued business operation.

5.2 In **Singapore**, a multi-pronged strategy is adopted for businesses affected by land resumption. They include (a) forward planning in relocating business operators; (b) flexible and tailor-made ex-gratia payment for both the owners and tenants; (c) clustering resettled operations for better value chain; (d) MSBs with special design and facilities to meet the unique needs of the operators; and (e) concessionary rental and purchase terms.

5.3 In **Taiwan**, local governments likewise offer a multi-pronged strategy in land resumption. Its resettlement policy is characterized by (a) statutory relocation policy before land resumption; (b) comprehensive monetary compensations; and (c) statutory requirement to reserve land nearby for owner-occupiers to buy back with tax benefits.

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Relocation of business operators upon land resumption in selected places

	Hong Kong	Singapore	Taiwan
1. Key legislation	Lands Resumption Ordinance	Land Acquisition Act	Land Act & Land Expropriation Act
2. Key features of monetary compensations and benefits			
(a) Statutory compensation	✓	✓	✓
(b) Ex-gratia compensation	✓	✓	✗
(c) Removal fees	✓ ⁽¹⁾	✓ ⁽¹⁾	✓
(d) Subsidies for dismantling and reinstalling equipment	✗	✓ ⁽¹⁾	✓
(e) Compensation for business loss	✓ ⁽¹⁾	✗	✓
(f) Rental & purchase concessions	✗	✓	✗
(g) Tax benefits	✗	✗	✓
(h) Bonuses for early surrender	✗	✗	✓
(i) Entitlements for sub-lessees	✗	✗	✓
3. Key features of relocation policy of businesses			
(a) Forward planning of relocation	✗ ⁽²⁾	✓	✓
(b) Clustering affected operations	✗	✓	✗
(c) Multi-storey relocation buildings	✗ ⁽²⁾	✓	✗
(d) Designated sites for buy-back	✗	✗	✓
(e) One-on-one resettlement services	✗	✓	✓

Notes: (1) Item is considered and subsumed in either statutory or ex-gratia compensation.

(2) The Government is studying relevant measures for implementation in the future.

Sources: Development Bureau, Jurong Town Corporation, Parliament of Singapore and Ministry of the Interior.

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