

**LEGISLATIVE COUNCIL
PANEL ON HOUSING
PANEL ON PLANNING, LANDS AND WORKS**

**Proposed Ex Gratia Allowance for
Occupiers of Licensed Domestic Structures
and Surveyed Domestic Squatter Structures
Affected by Clearance**

INTRODUCTION

This paper sets out the Government's proposal to introduce a new ex gratia allowance (EGA) for the following groups of clearerees in the event of a clearance –

- (a) permitted occupiers of a licensed domestic structure[⊕] on private agricultural land or unleased Government land affected by resumption or clearance who are not provided with public rental housing (PRH) of the Housing Authority (HA); and
- (b) occupiers of a domestic squatter structure on unleased Government land covered by the 1982 Squatter Structure Survey (1982 Survey) of the Housing Department (HD) who are registered in the 1984/85 Squatter Occupancy Survey (1984/85 Survey) of HD and who are not eligible for PRH.

We propose that the EGA would be offered as an alternative to interim housing (IH).

BACKGROUND

2. There are two types of tolerated domestic structures, i.e. domestic structures licensed by the Lands Department (Lands D) and surveyed domestic squatter structures. Licensed domestic structures

[⊕] The term “permitted occupiers” of licensed domestic structures is a shorthand expression covering persons who are given different forms of approval by the Director of Lands (D of L) to erect domestic structures on agricultural land and unleased Government land. They include licensees who are granted Government land licences, holders of short-term tenancies, permit holders of modification of lease and short-term waivers. The approval by D of L gives the licensee (or tenancy holder etc.) and his/her family permission to stay in the domestic structure.

include structures on private agricultural land with a modification of lease or a short-term waiver and structures on unleased Government land covered by a licence or a short-term tenancy. Since 1982, Lands D has stopped issuing new licenses for domestic structures, except for a few regularisation cases. As regards surveyed domestic squatter structures, they are covered by the 1982 Survey carried out by HD to contain the squatter problem. These surveyed domestic squatter structures may include some licensed domestic structures. Structures on unleased Government land not covered by that survey or any licence or tenancy are immediately cleared if detected.

3. HD conducted in 1984/85 a survey to register the occupiers of the 1982 surveyed domestic squatter structures and most occupiers of licensed domestic structures. If these occupiers meet the Comprehensive Means Test (CMT) and do not own any residential property, they are provided with PRH on clearance. If they do not meet the CMT and have a genuine housing need, they would be offered IH as a transitional arrangement for one year.#

4. By their nature, licensed domestic structures only have a temporary tenure. Under present arrangements, Lands D will cancel or terminate the modification of lease, short-term waiver, Government license or short-term tenancy, as the case may be, for the domestic structures concerned on private agricultural land and Government land prior to clearance or resumption. Where the structures are also covered by the 1982 Survey and the occupiers are registered in the 1984/85 Survey, the arrangements in paragraph 3 above will apply. Otherwise, the affected occupiers will not be provided with PRH nor any cash compensation. In order to ensure that no one will be rendered homeless as a result of clearance, those with a genuine housing need will be offered IH.

PROPOSAL

5. Permitted occupiers of licensed domestic structures and surveyed domestic squatter structures have no legal claim to compensation on clearance of their structures. However, some form of assistance to obtain alternative domestic accommodation other than IH would add flexibility to the current arrangements. We therefore propose that, upon clearance,

It is also an established policy for the HA to offer to those clearees whose income and assets are marginally above the CMT the option of purchasing a Home Ownership Scheme flat or applying for a loan under the Home Purchase Loan Scheme to purchase private sector flats.

permitted occupiers of licensed domestic structures and occupiers of surveyed domestic squatter structures who are registered in the 1984/85 Survey should be allowed to choose between IH and an EGA for seeking alternative domestic accommodation.

6. Subject to approval by the Finance Committee of the Legislative Council (LegCo), we propose that the new EGA should have regard to rentals for comparable but lawful structures of the same size in the same area for three years. The basis for calculating the new EGA would be as follows –

- (a) the whole of Hong Kong will be divided into three broad regions – urban area, extended urban area and the New Territories – for the purpose of calculating the applicable EGA rates;
- (b) the EGA rates will be determined by reference to the latest information released by the Rating and Valuation Department on the average unit rental of village houses and/or tenement buildings;
- (c) the EGA rates in (b) above will be arrived at by reference to the latest three months' rental data for the broad region concerned; and
- (d) the EGA rates will be updated every six months in strict accordance with (b) and (c) above.

7. The proposal would enhance the flexibility of current arrangements. The basis of calculation has taken full and fair account of the need to facilitate finding alternative accommodation in the transition period and the fact that the occupiers have no legal claim to compensation.

8. Subject to approval by the Finance Committee of the LegCo, it is further proposed that the authority to approve future changes to the EGA rates in accordance with the formula in paragraph 6 above be delegated to the Secretary for the Treasury.

9. The new EGA should be applicable to all on-going and future resumption exercises and clearance exercises of unleased Government land. Once the new EGA is approved by the Finance Committee, it will be offered to eligible clearers set out in paragraph 1 above as an alternative when HD makes its offer of IH. Clearers receiving the new EGA will not

be eligible for any other EGA in respect of the structure in question.

FINANCIAL IMPLICATIONS

10. According to the basis set out in paragraph 6 above, the average rental value of an average village house or tenement building in the New Territories is around \$70 per square metre per month. If the average size of such structures is about 30 square metres, the average EGA payable to an affected household would be \$75,600 ($\$70/\text{m}^2$ per month \times 30 m^2 \times 36 months). There are 27 on-going agricultural land resumption and clearance exercises. About 60 similar exercises are planned for the next five years. About 12% of some 5 000 affected households are likely to be eligible for the new EGA as an alternative to IH. On the assumption that all the households concerned choose the new EGA, it is estimated that the additional costs arising from the new EGA would be \$18.3 million in relation to the on-going exercises and \$26.8 million for the new resumption and clearance exercises in the next five years.

11. It is not possible to estimate the additional financial implications of the proposal for all resumption exercises of agricultural land resumption and clearance exercises of unleased Government land in the future at this stage. However, as the size of the squatter problem is diminishing, the amount is not likely to be very significant.

WAY FORWARD

12. Subject to Members' views, we intend to make a submission to the Finance Committee of the LegCo to seek approval of the proposal.

Planning and Lands Bureau
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