

**Bills Committee on  
Landlord and Tenant (Consolidation) (Amendment) Bill 2003**

**Ex-Gratia Cash Payments to  
Domestic Tenants in the Remaining Projects  
of the Former Land Development Corporation**

**INTRODUCTION**

At the Bills Committee meeting on 15 April 2004, Members asked how the current level of statutory compensation under the Landlord and Tenant (Consolidation) Ordinance (LTO) could be made available administratively to domestic tenants affected by the remaining projects of the former Land Development Corporation (LDC) after the enactment of the Landlord and Tenant (Consolidation) (Amendment) Bill 2003 (the Bill). Members would also like to know the Administration's stance on the proposed legislative amendment to retain the provisions on statutory compensation for these projects in the Ordinance. This paper sets out the response of the Administration and the Urban Renewal Authority (URA) on the respective issues.

**BACKGROUND**

2. In passing the Urban Renewal Authority Bill in June 2000, the former Planning and Lands Bureau (PLB) made the following undertaking in respect of domestic tenant compensation of the URA –

“The amount of the cash allowance will not be less than the statutory compensation payable to tenants by owners or private developers under the LTO in a redevelopment.”

3. The Administration's undertaking is that the URA's cash compensation to the affected domestic tenants will not be less than the

statutory compensation required by the LTO in force.

4. That said, we note Members' concerns and arguments that the tenants in the remaining ex-LDC projects have been waiting for redevelopment since the announcement of the projects by the former LDC in 1998. To address Members' concerns, we have actively sought the URA's agreement to provide ex-gratia cash payments to eligible domestic tenants in the remaining ex-LDC projects through administrative measures. The URA Board continues to believe that re-housing should be the primary means of assisting tenants affected by redevelopment projects to improve their living conditions and favours compensation arrangements which encourage tenants to accept rehousing. The URA proposed at the Bills Committee meeting on 15 April 2004 that tenants not eligible for rehousing or who were eligible but did not wish to accept rehousing would be offered ex-gratia cash payment of 3.5 time Rateable Value. However, having considered Members' views, the Board has accepted the Bills Committee's request regarding the remaining ex-LDC projects. The detailed response of the URA is at Annex.

#### **RETAINING STATUTORY COMPENSATION ON EX-LDC PROJECTS**

5. As regards the option to provide the compensation to eligible domestic tenants of the remaining ex-LDC projects through statutory means, we envisage the following difficulties –

- (a) it may be difficult to clearly delineate the boundary of the remaining ex-LDC projects in the law. For example, one of the project schemes has not gone through the planning procedures under the Town Planning Board; and

- (b) in some cases, boundaries may have to be reduced because buildings have already been redeveloped. Any statutory stipulation of the project boundary may unduly complicate the processing of the project as amendments to legal provisions would be required to re-adjust the boundary.

#### **WAY FORWARD**

6. Subject to Members' agreement to the administrative measures provided by the URA, the Secretary for Housing, Planning and Lands will include the URA's undertaking in his speech at the resumption of debate on the second reading of the Bill.

**Housing, Planning and Lands Bureau and  
Urban Renewal Authority**

**May 2004**

**Ex-gratia Payments for Domestic Tenants  
Affected by Redevelopment Projects  
Announced by the LDC in 1998**

At the meeting on 15 April 2004, the question of ex-gratia payments for domestic tenants affected by URA redevelopment projects was discussed. The URA believes that re-housing should be the primary means of assisting tenants to improve their living conditions and that levels of ex-gratia compensation should not be so high as to discourage clearerees from accepting re-housing. With this in mind, the URA presented a revised proposal for a three tier approach comprising:

- Re-housing for eligible domestic tenants.
- Ex-gratia payments based on 3.5 times the ratable value (RV) of the premises for tenants, who are not eligible for re-housing or who do not wish to accept re-housing for good reasons.
- Retention of the existing minimum payments of \$70,000 for one-person households and \$80,000 for households of two or more persons in order to protect the interests of small households occupying small premises with low RVs, particularly bunk beds and cubicles.

We proposed that this should apply to all projects after enactment of the Bill. In discussion, Members indicated that they felt this would breach the undertaking given by the Administration when the URA Ordinance was enacted, that compensation for domestic tenants would not be less than the statutory compensation under the LTO.

The URA Board has now considered the matter further. The Board continues to believe that re-housing should be the primary means of improving the living environment of clearerees. Nevertheless, taking into account Members' views, and the fact that the Bill will result in benefits to the community as a whole, the Board has agreed that the following be applied to eligible domestic tenants of properties required for the redevelopment of the remaining projects announced by the former LDC in January 1998:

- (a) adopt the existing compensation formula under the LTO on an ex-gratia basis;

- (b) retain the minimum payments currently payable under URA policy, i.e. \$70,000 for a one-person household and \$80,000 for a household of two or more persons.

The Board will set policies for future (i.e. non LDC) projects based on our earlier proposal of 3.5 x RV and may adjust such policies to reflect prevailing circumstances and the requirements of individual projects. The Authority will also take measures to discourage abuses of re-housing and compensation policies, including those described in our earlier submissions.

Urban Renewal Authority  
May 2004