

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Capital Works Reserve Fund Block Allocation Subhead 1004CA Compensation for surrenders and resumptions: miscellaneous

INTRODUCTION

In considering PWSC(2002-03)86 on the proposed allocation for 2003-04 for various block allocations under the Capital Works Reserve Fund, the Administration undertook to provide additional information on whether the Hong Kong Housing Society (HKHS) would reimburse the Government the cost of resuming the land for the following two Urban Improvement Programme (UIP) developments –

- (a) UIP at Ma Tau Kok Road, Pak Tai Street, Pau Chung Street, San Shan Road, Sui Lun Street and Wang Cheung Street; and
- (b) UIP at Bonham Strand and Wing Lok Street, Sheung Wan,

under **Subhead 1004CA** (Compensation for surrenders and resumptions: miscellaneous).

THE ADMINISTRATION'S RESPONSE

2. HKHS introduced the UIP in the mid-1970s and completed its last programme, namely, UIP at Ma Tau Kok Road and nearby streets at paragraph 1(a) above, in the 1990s. The primary objectives of the UIP were to improve the environment of old and decayed urban areas by redeveloping properties with fragmented ownership, and provide new housing in the same locality on a non-profit making basis for families affected.

3. In the two developments flagged up in paragraphs 1(a) and (b) above, HKHS started negotiations with the owners of the affected properties/lots on the sites in the late 1980s, and managed to purchase about 50% of the properties at its own expense. With difficulties in purchasing the remaining ones, HKHS requested the Government to assist by exercising resumption powers. Although the cost of resumption was met from **Subhead 1004CA** (i.e. no reimbursement from HKHS for the cost of resumption), the resumed lots were granted to HKHS at full market value premium. The land premium received was adequate to cover the cost of resumption.

4. HKHS completed the above two UIP developments in the 1990s. However, there are some outstanding compensation payments for cases of more complicated nature. Thus, **Subhead 1004CA** still requires allocation to meet the anticipated expenditure in 2003-04.

Financial Services and the Treasury Bureau
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