## Meeting of the Panel on Planning, Lands and Works on 23.11.2004

## Government/URA's Response to Concerns Raised by Organizations/Deputations at the Meeting

Organization	Concerns	Government/URA Response
Urban Renewal Monitor	(1) Owners of street-level shops consider the URA's compensation insufficient for them to purchase a suitable replacement shop. The compensation mechanism has not taken into account the special features, supply and price variations of street-level shops in the district. This results in great difficulty for street-level shop operators (of machinery, metal works, funeral parlour, timber, salted fish and dried seafood businesses etc) in many old districts to find a suitable location to re-establish their businesses.	(1) According to the Urban Renewal Authority (URA), its acquisition offers for ground floor shops comprise two parts: the market value of the property and an ex-gratia allowance for business loss. Owners may use the monetary compensation to purchase replacement properties or for any other purposes. Although the URA will make every effort to help owners to identify suitable replacement premises, the ultimate choice rests with the owners.

Organization	Concerns	Governn	nent/URA Response
Urban Renewal		Details of the ex-gr	atia allowances offered for business
Monitor (Cont'd)		loss are as follows:	
		For projects and Development Corpo	nounced by the former Land oration (ex-LDC):
		Owner-occupiers	35% of the market value of the shop or 4 times the rateable value (4 x RV) (whichever is higher)
		Owners of tenanted shops	10% of the market value of the shop or 1 x RV (whichever is higher)
		Tenants	3 x RV
		For new projects u	ndertaken by the URA:
		Owner-occupiers	4 x RV
		Owners of tenanted shops	1 x RV

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)		Tenants 3 x RV
		The above allowances are based on the policy of the ex-LDC (in respect of the ex-LDC projects) and the Government's land resumption policy.
		These allowances are offered to business owners/operators as compensation for business loss without the need for any declaration procedures. However, if an owner considers that the amount of business loss is higher than that of the ex-gratia allowance, he may submit a statutory claim for business loss compensation. If an operator is unable to re-establish the business, he may also consider claiming compensation for total extinguishment of business.
	(2) URA has not discussed with affected owners the relocation on an equal footing. It intimidated and enticed them to give up their interest. URA has not seriously assisted owners in finding a replacement property in the course of acquisition.	(2) The URA treats all affected owners and residents equally. The URA staff and professional Social Service Teams (SSTs) funded by the URA are committed to assisting owners and residents on matters relating to compensation, re-housing and relocation as well as individuals and families with specific difficulties. URA staff and SSTs adopt a caring and compassionate attitude in catering for residents' special

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)		needs. As at end-January this year, SSTs have assisted about 850 cases and handled about 12,500 enquiries/complaints. Attached are some of the
		appreciation letters from owners and tenants of the Lee Tung Street project expressing gratitude for Members' reference.
	(3) The URA has categorized owners according to its own policy and then unreasonably reduced compensation for owners of flats that are categorized as "non-sole residence", tenanted and vacant.	(3) According to the Home Purchase Allowance (HPA) policy approved by the Finance Committee of the Legislative Council ("LegCo") in 2001, full HPA is payable to owner-occupiers and a Supplementary Allowance at 50% of the HPA to owners of tenanted and vacant flats. As such, the URA has to classify owners into different categories and, in particular, to define owner-occupiers. The URA generally classifies owners based on the data gathered during occupancy surveys and the information subsequently provided by owners. Regarding the "sole residence" criterion, we understand that the URA will apply it flexibly. For example, an owner of a residential property who is temporarily living overseas (e.g. on a work contract or for study) may still be offered full HPA even if the flat is tenanted. If an owner is currently living in quarters provided by his employer and has purchased a property for residence after retirement, he may also be offered full HPA in respect of the property. The URA has a

Organization	Concerns	Government/URA Response
Urban Renewal		duty to ensure that abuses of the HPA policy are kept to
Monitor (Cont'd)		a minimum in order to safeguard public money.
		The URA will review the relevant policies from time to time to enhance flexibility.
		Affected persons who are aggrieved by URA's decisions regarding eligibility for compensation, including eligibility for HPA, may request an review by the URA's Review Committee. The Committee comprises a number of panels, each of which consists of a URA Board Member as the Chairman and two members who have no connection with the URA to ensure impartiality.
	(4) The rigid compensation mechanism is prejudicial to owners of flats of small size. The amount of compensation payable to such owners is insufficient for them to buy suitable replacement properties in the same locality.	(4) URA's acquisition offers (including HPA) are calculated on the basis of saleable area of affected properties. Since there is no standard definition for building area, there is a technical need for using saleable area as the basis for valuation, which, the URA believes, would be clearer and easier to understand. As the efficiency rate of different properties varies, there is a need to use saleable area as the basis to calculate the HPA rate. Both the Consumer Council and the Hong Kong Institute of Surveyors have

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)	(5) The URA should reconsider the "flat-for-flat" and "shop-for-shop" arrangements in the same locality.	recommended using "saleable area" to calculate property area. Whether an owner can purchase suitable property in the same locality depends upon property supply in the locality at that time and the owner's personal preference. It is impossible to guarantee the availability of a replacement flat of the same size in the market. The URA's acquisition offers generally well exceed the market value of the acquired flats, usually up to three times thereof. Owners should be able to relocate in a flat of reasonable quality.
	(6) Residents in the redevelopment project areas should be given an opportunity to participate in the discussion and decision of the URA policy, such as the formulation of compensation guidelines, the adjustment of allowances, the	·

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)	valuation process, etc. Although there are residents' representatives in the District Advisory Committees (DAC), the views of residents in the project areas cannot be reflected through the DAC mechanism.	social welfare, professional, academic and business sectors. The URA Board members are responsible for supervising the URA's work. The Board will comprehensively consider the potential impacts and strike an appropriate balance in formulating relevant policies. In the process, views of affected bodies' will also be taken into account.
	(7) After the Landlord and Tenant (Consolidation) Ordinance (LTO) is amended, URA has not worked out an effective mechanism to prevent landlords from evicting tenants. The interests of those tenants who have been awaiting redevelopment have not been well-protected. Moreover, residents in project areas have not been consulted when URA revised its tenant compensation policy.	(Amendment) Ordinance 2004 (LTO 2004) came into force in July 2004. One of the amendments is to

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)		tenants' compensation have been set out in the paper submitted to the LegCo Panel on Planning, Lands and Works on 23 November 2004.
	(8) Suggest that half of the seven surveyors have to be employed by the residents.	(8) The URA used to appoint seven surveyor firms through open tender on the basis of the professional fees to be charged. The URA believes this arrangement is fair and open. In response to residents' requests, the URA has recently launched a trial mechanism to appoint surveyor firms for assessing the HPA through open ballot instead of tender. The ballot will be witnessed by independent observers to further enhance the transparency of the appointment mechanism.  The URA will also provide owners with the names of the seven surveyor firms and the seven valuation figures used in the calculation of the HPA.
	(9) Suggest the URA submitting regular reports to the LegCo and the relevant District Council in order to assess the social implications of URA's redevelopment work.	

Organization	Concerns	Government/URA Response
Urban Renewal Monitor (Cont'd)		District Councils of the progress of its projects on a regular basis.
	(10) Owner-occupiers of non-domestic properties, which have been issued with occupation permits other than for domestic use, should be compensated with HPA if the property has been used for domestic use for a long time (2 years or above) provided that such use is not prohibited under the government lease.	Urban Area – Guidelines for Owners, Occupiers and Surveyors" published by the Lands Department states that:  "The HPA is payable to owner-occupiers of non-domestic properties which have been issued with an occupation permit other than for domestic use but which have been used for domestic purpose for a long time provided that such use is not prohibited under the lease."  The URA will handle such cases in accordance with the
Old Urban Tenant	(1) Strive for relaxation of the rehousing criteria by	above Guideline.  (1) Public housing is a precious public resource and should
Alliance	removing the means test. Tenants who moved into the project areas after the 1997 freezing survey should be eligible for rehousing.	be provided to those who have genuine housing need but cannot afford the market rent. It is inappropriate to abolish asset and means tests for affected tenants on grounds of proper use of public resources. The URA will consider, on compassionate grounds, tenants with genuine housing need on a case-by-case basis.

Organization	Concerns	Government/URA Response
Old Urban Tenant Alliance (Cont'd)		Eligibility criteria for public housing are prescribed by the Hong Kong Housing Authority. Nevertheless, the URA may allocate re-housing for people in special need on compassionate grounds. Tenants who moved into the project areas of the ex-LDC projects after 1997 may be re-housed on compassionate grounds if they meet other eligibility criteria and have genuine housing need.
	(2) URA has grouped the affected tenants into three categories. Compared to Category 1 tenants (those still residing within the project area), Category 2 tenants (tenants who have moved out) are deprived of the 70% additional payment. Had it not been the amendment of the LTO, Category 2 tenants would not have been evicted. It is therefore against their wish to move out. It will be very unfair to reduce the compensation payable to them on the grounds that they have been moved out. The same compensation package should be made available to both Categories 1 and 2 tenants.	ex-gratia payments to tenants affected by the remaining ex-LDC projects on the basis of the formula in force prior to the enactment of the LTO 2004 on 9 July 2004. The URA Board will decide the question on additional compensation from time to time. Nevertheless, the purpose of providing additional compensation is to encourage tenants to move out by a specified date for each project and thus are not payable to those who have already moved out.
	(3) Category 2 tenants who have been moved out are still eligible for compensation or rehousing. Does	(3) Affected persons may make a claim for compensation and re-housing when the relevant project is

Organization	Concerns	Government/URA Response
Old Urban Tenant Alliance (Cont'd)	URA have any concrete arrangement on when these tenants can be compensated or rehoused? URA should provide compensation or rehousing upon the move out of the tenants.	implemented by the URA.
	(4) Should clearly explain the criteria for rehousing for Categories 1, 2 and 3 tenants.	(4) The re-housing eligibility criteria for Categories 1, 2 and 3 tenants Note1 are the same. Generally speaking, tenants must meet the requirements on income, asset limit and year of residence in Hong Kong as prescribed by the Hong Kong Housing Authority or the Hong Kong Housing Society, although the URA may provide re-housing on compassionate grounds to tenants with special need.
	(5) At present, sub-tenants will not receive transitional termination notices from landlords. They therefore have no statutory documentary evidence of eviction and of previous residence in the project area. URA should clearly set out the arrangements for sub-tenants.	(5) It is the URA's understanding that principal tenants are required to serve Transitional Termination Notices ("TTN") to sub-tenants whose tenancies existed before 9 July 2004. URA's re-housing and compensation policies for tenants apply equally to sub-tenants.

Note 1

Category 1 : Pre-9 July 2004 tenants who are still living in the project area.
Category 2 : Pre-9 July 2004 tenants who have been required to move out by their landlords on expiry of their tenancies and the Transitional Termination Notices

<sup>(&</sup>quot;TTN") before clearance.

Tenants who moved in after 9 July 2004, perhaps to replace Category 2 tenants, and are not covered by the TTN provision.

Organization	Concerns	Government/URA Response
Old Urban Tenant Alliance (Cont'd)	(6) The "statutory compensation" based on the "7531" formula should not be changed to an ex-gratia allowance which can be reduced at will by the URA through imposing restrictions.	(6) The enactment of the LTO 2004 has abolished the previous statutory compensation for domestic tenants who were required to move out for redevelopment. As such, any compensation is not statutory by nature. Nonetheless, the URA has undertaken to continue to provide ex-gratia payments for tenants affected by the remaining ex-LDC projects on the basis of the formula in force under the LTO before 9 July 2004. Since there is no longer statutory compensation, such payments are on an ex-gratia basis.
H15 Concern Group	(1) URA should proactively consider the "dumbbell proposal"	(1) The URA's response to the proposal for regeneration of the old Wanchai district is set out in the paper submitted to the LegCo Panel on Planning, Lands and Works on 23 November 2004.
	(2) A monitoring group on urban renewal should be set up to monitor urban renewal on a territory-wide basis.	(2) The URA Board consists of a non-Executive Chairman and 3 Executive Directors, in addition to 17 non-Executive Directors, including LegCo Members and members from the social welfare, professional, academic and business sectors. The URA Board members are responsible for supervising the URA's work. The HPLB also exchanges views with residents, District Councillors, social workers, etc on URA's work progress and performance. The public

Organization	Concerns	Government/URA Response
H15 Concern Group (Cont'd)		and the media of course play an important role in monitoring the URA as well.
Office of District Councillor (Central & Western) Cyd Ho S.L.	(1) URA misinterprets the legal provision of "non-owner occupier" as the property must be occupied by the owners themselves. Although the owner's family member (e.g. the owner's son) is living in the property, the URA will regard it as non-owner occupied, resulting in substantial reduction in compensation. Requirements such as "non-sole residence" are set by the URA to cut down acquisition offers.	Area – Guidelines for Owners, Occupiers and Surveyors" published by the Lands Department states that:  "The full HPA will be paid to an owner who is occupying the entire flat or if he can prove that the
	(2) URA operates at low transparency. The URA officials lack the sense of accountability. They sidestep questions at District Council meetings, procrastinate and refuse to disclose information.	

Organization	Concerns	Government/URA Response
Eastern District Councillors Chan Tim Shing, Tsang Kin Shing and Lui Chi Man		(1) The Urban Renewal Strategy currently stipulates that a "people-centred" approach should be used to carry out urban renewal. The purpose of urban renewal is to
	(2) The URA should seriously consider the views of the residents and District Councils.	(2) The URA will continue to listen to and carefully consider the views of residents and District Councils and to accommodate them as far as possible.
Property Owners' Concern Group on Redevelopment of Staunton Street and Wing Lee Street	(1) With the conclusion of the legal proceedings between the Henderson Land Development Co. Ltd and the Town Planning Board on 11 April 2005, URA should clearly indicate whether the project will be implemented.	(1) The URA very much hopes to commence this project and will make an appropriate announcement as soon as possible after conclusion of all legal proceedings.

Organization	Concerns	Government/URA Response
and Tenants' Concern Group on Redevelopment of Staunton Street and Wing Lee Street	(2) Strongly request that when the redevelopment project is implemented, the compensation and re-housing policies for owners and tenants should be the same as those at the time when the Staunton Street project was announced on 21 March 2003.	(2) The URA has undertaken to continue to provide compensation to domestic tenants of the remaining
	(3) URA or the Government departments concerned should hold a briefing session shortly with the residents of the Staunton Street project on the progress of the project and the future commitments. URA should explain to the residents the implications of the amendments to the LTO on owners and tenants so as to avoid any misunderstanding.	of the Staunton Street/Wing Lee Street project on 14 December 2004 and 5 January 2005 respectively.

Organization	Concerns	Government/URA Response
Property Owners'	(4) URA said that they will not offer further	(4) Domestic tenants affected by URA projects may choose
Concern Group on	assistance to tenants who have moved into public	either re-housing (if eligible) or ex-gratia payments.
Redevelopment of	housing from the project areas. Disagree with	Former tenants who have already been allocated public
Staunton Street and	such approach as URA should offer assistance to	housing through the normal Waiting List procedure will
Wing Lee Street	those who have moved in private old buildings.	not be offered further assistance because their housing
and Tenants'		needs have already been taken care of. For those
Concern Group on		tenants affected by ex-LDC projects who have been
Redevelopment of		evicted by their landlords on expiry of their tenancies
Staunton Street and		and the TTN under the LTO 2004, URA will still offer
Wing Lee Street		them with assistance even if they have moved to private
(Cont'd)		properties.
Urban Renewal	(1) The URA's compensation calculated on the basis	(1) The current HPA policy based on a notional
Monitor	of the value of a notional seven-year-old flat is not	seven-year-old replacement flat was approved by the
Office of	sufficient for the residents to find a suitable	Finance Committee of the Legislative Council in 2001.
District	seven-year-old replacement flat in the same	Since the availability of seven-year-old replacement
Councillor	locality.	flats of similar sizes in the same locality is determined
(Central &		by the market, the URA cannot guarantee an abundant
Western) Cyd		supply of such flats. Whether residents can purchase
Ho S.L.		a 7-year old flat in the same locality depends upon the
Eastern District		property supply at that time and the owner's personal
Councillors		preference. The URA's acquisition offers generally
Chan Tim		well exceed the market value of the acquired flats,
Shing, Tsang		usually up to three times thereof. Owners should be
Kin Shing and		able to relocate in a flat of reasonable quality.

Organization	Concerns	Government/URA Response
Lui Chi Man		
	(2) There should be greater transparency in project planning, design and mode of redevelopment.	(2) The URA is committed to enhancing transparency. At the same time, it has to guard against speculation and abuses of its compensation policies. The URA will continue to improve its community engagement process.
	(3) Surveyors' valuation reports for assessing the ex-gratia allowances should be disclosed.	(3) The URA used to appoint seven surveyor firms through open tender on the basis of the professional fees to be charged. The URA believes this arrangement is fair and open. In response to residents' requests, the URA has recently launched a trial mechanism to appoint surveyor firms for assessing the HPA through open ballot instead of tender. The ballot will be witnessed by independent observers to further enhance the transparency of the appointment mechanism.  The URA will also provide owners with the names of
		The URA will also provide owners with the names of the seven surveyor firms and the seven valuation figures used in the calculation of the HPA.

Organization	Concerns	Government/URA Response
	The URA only puts emphasis on property development rather than on preservation and revitalization of economic fabric and network in older urban districts. As a result, places like the "Wedding Card Street" in Wan Chai which is worth preserving will be demolished.	(1) The URA has adopted a holistic "4R" approach to

Organization	Concerns	Government/URA Response
<ul> <li>Urban Renewal Monitor</li> <li>H15 Concern Group (Cont'd)</li> </ul>	(2) An independent arbitration system to handle valuation and compensation disputes should be set up.	(2) There is already an independent mechanism to handle
<ul> <li>Old Urban         Tenant Alliance     </li> <li>Property         Owners'         Concern Group             on             Redevelopment             of Staunton             Street and Wing             Lee Street and             Tenants'</li> </ul>	(1) Compensation policies should be the same for all tenants who are still residing in the remaining 25 ex-LDC project areas when redevelopment commences i.e. compensation calculated according to the "7531" formula. They should not be divided into different categories. It is unfair as the URA has reneged on its promise.	ex-LDC projects, the URA has undertaken to provide ex-gratia payments on the basis of the formula in force prior to the enactment of the LTO 2004 on 9 July 2004.

Organization	Concerns	Government/URA Response
Concern Group		
on		
Redevelopment		
of Staunton		
Street and Wing		
Lee Street		
	(2) There was no upper limit for the URA's incentive	(2) The URA Board may review incentive allowance as
	payment before, which is now capped at	required from time to time. The URA has undertaken
	\$200,000. Single person and two-person or more	to provide ex-gratia compensation to domestic tenants
	household used to receive compensation of	of the remaining ex-LDC projects on the basis of the
	\$119,000 and \$136,000 respectively instead of the	formula in force prior to the enactment of the LTO 2004
	current rate at \$70,000 and \$80,000 respectively.	on 9 July 2004. The URA will retain the minimum
	The same compensation policy should apply to all	allowance arrangement for the remaining ex-LDC
	25 ex-LDC projects.	projects as mentioned in the paper submitted to the
		LegCo Panel on Planning, Lands and Works on 23
		November 2004.

Housing, Planning and Lands Bureau Urban Renewal Authority March 2005

July 2004

The Methodist Centre's Urban Renewal Social Service Team (SST) and those social workers who have assisted the SST members have done a lot for the residents affected by the H15 redevelopment project. I used to be at a loss about the redevelopment, wondering what I should do. It suddenly crossed my mind that it had been mentioned at an earlier meeting over the redevelopment that we could approach the SST social workers for assistance if we had enquiries or needed advice. They gave me detailed explanation. I was relieved of most of my concerns. Also, Mr. Lee of the SST often phoned me to extend his regards. He, together with his teammates, also visited me. I am much grateful to them. When I was troubled and unhappy about looking for a new flat, they told me not to worry and comforted me. I consider that the SST has sympathy for us. I am thus very grateful to the SST members for their care. Thank you.

HO xx xx Owner of Flat x, x/F, xx Lee Tung Street, Wan Chai Members

Methodist Urban Renewal Social Service Team

Dear all,

I am CHEUNG xx. I used to live with YAU xx xx at x/F, xx Lee Tung Street, located in the H15 project. We are already 70 years old.

With your assistance and support, we have moved to a new flat. I thus write to say thank you. We are deeply touched by the repeated home visits, words of comfort and care. We thus say: The residents are grateful. Best wishes.

CHEUNG xx, YAU xx xx Old people at Lee Tung On behalf of my family, I extend our gratitude to the social worker team for the assistance rendered by Ms NG, a Methodist social worker, over the past nine months.

CHEUNG xx xx
H15 Resident
x/F, xxx Queens Road East, Wan Chai

Dear Miss Yan,

I am writing to extend my hearty thanks to you for your great help in the acquisition process of the redevelopment project, leading to the smooth conclusion of the agreement. Wish you, Miss Yan, every success and all the best in the future.

Yours sincerely,

Lau xx

Owner of Flat x, x/F, xx xx Apartments

To: The Urban Renewal Social Service Team (SST)

We, Tang xx xx and Wong xx, are writing to express our gratitude to the Methodist Centre and the SST for your continued support to the elderly like us. Recently in particular when affected by the H15 redevelopment project in the Wan Chai District, you have helped us resolve the removal problem smoothly and visited us from to time to help us tackle difficulties encountered in our daily lives. We, Tang xx xx and Wong xx, hereby extend our thanks to the Methodist Centre and the SST.

Yours sincerely,

Tang xx xx & Wong xx

To: The Methodist Social Workers' Team

I find your team's service highly satisfactory. I am Wong xx xx, an owner in Lee Tung Street. I was very worried when I first learned about the redevelopment. Thanks to Miss Lee's help, which includes detailed explanation of the redevelopment information to me, frequent visits and comforts given to my family, advice to me on how to handle the documentation and procedures, accompanying me to meet with Mr. Mok Yiu kwong of the Urban Renewal Authority to sort out the roof problem, I have a weight off my mind. I would also like to thank Mr. Mok for his agreement. I would have been at a loss on how to handle this without your team or Miss Lee's help throughout the process.

I hereby thank Miss Lee and other social workers of the team. I sincerely thank you for your help. Best wishes.

Yours sincerely,

Wong xx xx

x/F, xx Lee Tung Street, Wan Chai

To: The Methodist Urban Renewal Social Service Team (SST)

I am Lam xx xx, owner of Flat x, x/F, xx Building, x, Lee Tung Street. I am 77 years old already. On learning that the Urban Renewal Authority (URA) was to acquire the building for redevelopment, I felt very uneasy, unhappy and worried. I was lucky to come to know Miss Lee at a meeting organized by the Methodist Centre. She explained the redevelopment information and procedures in detail. My worries lessened. Later, when I had to deal with another owner of the flat, I was frustrated and helpless. Miss Lee offered help and made appointment with URA staff to go through the formalities. Miss Lee paid me repeated visits, extending regards. Although the acquisition of my flat by URA is still pending because of the title problem of another owner, I thank Methodist's Miss Lee for her dedication in helping residents affected by the redevelopment project. My thanks also go to other social workers of the SST for their help and assistance. Thank you. Best wishes.

Yours sincerely,

Lam xx xx

Owner of Flat x, x/F, xx Building, Lee Tung Street