

Urban Renewal Strategy (URS) Review Public Engagement Stage

Gist of Topical Discussion 4: Compensation & Rehousing Policies

Date: 4th July, 2009 (Saturday)
Time: 2:30p.m. – 5:00p.m.
Venue: Room 502, The Boys' and Girls' Clubs Association of Hong Kong, 3 Lockhart Road, Wan Chai, Hong Kong
No. of participants: 67 (including a total of 8 representatives from the Development Bureau and Urban Renewal Authority as observers, and a total of 6 discussion group facilitators from the Hong Kong Institute of Surveyors)

Gist of the Public Presentations

Presentation 1

Topic: An Introduction to the Compensation and Rehousing Policies
(Please see Annex)
Speaker: Mr. Ian Wong Wai-kuen, Urban Renewal Authority (URA)

The property acquisition policy of the URA was based on the resolution passed by the Finance Committee of the Legislative Council in March 2001. The acquisition offer of an owner-occupied residential property was the market value of the flat plus a Home Purchase Allowance (HPA). The total amount was equivalent to the market value of a notional 7-year-old replacement flat in a similar locality. In addition, there was an incidental cost allowance to assist owners with the removal expenses and necessary expenditure. The acquisition offer of a tenanted or vacant residential property was the market value of the flat plus a Supplementary Allowance (SA) and an incidental cost allowance. In a redevelopment project, each owner was entitled to receive HPA for no more than 3 flats, including properties used as a sole residence by the owner's immediate family members; or the owner was entitled to receive SA for no more than two flats. Under the URA's new pilot policy "Expression of Interest in Purchasing Arrangement" (EIPA), owner-occupiers who wanted to move back to the redeveloped property would be given priority to purchase new flats after the redevelopment at the prevailing market price. It would help to retain their community network.

An owner of an owner-occupied non-residential property received the market value of his property plus an allowance equivalent to 4 times of its rateable value or 35% of its market value, whichever was the higher. An owner of a tenanted or vacant non-residential property received the market value of his property plus an amount equivalent to its rateable value or 10% of its market value, whichever was the higher. In order to provide for owner-occupiers who had operated their businesses in the same site for many years, URA would offer an ex-gratia business allowance. The allowance was payable at a rate of 0.1 multiplied by the rateable value for each year and by the number of years the owner-occupier had operated the

business in the property continuously (up to a maximum of 30 years), and subject to a maximum amount of \$500,000 and a minimum of \$70,000. Owners might also choose to claim for business loss as an alternative to the above allowances.

Regarding appeals for 'flat-for-flat' and 'shop-for-shop', one of the considerations was that providing a new replacement flat to the original owner would be of higher value than the offer under the present 7-year-old flat compensation policy. In addition, the area of a G/F shop after redevelopment would be much smaller than the original shop area since the redevelopment had to comply with existing legislation, thus making it more difficult to implement 'shop-for-shop' arrangement.

On the other hand, the rule that the acquisition price was calculated based on the saleable area of the property followed the code of practice issued by the Hong Kong Institute of Surveyors and was also in line with the existing practice of the Lands Tribunal. Tenants could receive ex-gratia payments equal to 3.5 times of the rateable value. Eligible tenants might opt for rehousing arrangements rather than ex-gratia payments. The URA would also offer ex-gratia removal allowances to tenants who chose rehousing. Non-residential tenants could receive ex-gratia allowances equal to 3 times of the rateable value plus an additional payment of ex-gratia business allowances. They might also choose to claim for business loss as an alternative to the above allowances.

Presentation 2

Topic: Case – Prosperous Garden

Speaker: Mr. Law Lin-fat, Hong Kong Housing Society (HKHS)

Prosperous Garden in Yau Ma Tei was one of the Urban Improvement Scheme projects undertaken by HKHS, involving the redevelopment of more than 120 old buildings. Most of the land leases in concern expired in 1971. The Government regained these lands; and most of the residents became tenants of the Government. HKHS was invited by the Government to participate in the redevelopment project. The redevelopment was divided into two phases. In the "first redevelopment phase", affected residents were cleared by the Government in 1986 to 1988, while HKHS was responsible for the subsequent construction of new buildings. The "second redevelopment phase" commenced in 1990 and HKHS was responsible for the clearance and rehousing of affected residents. At that time, the Government had already resumed the remaining lots. For eligible residents, they were offered with rehousing units in public rental estates or temporary housing areas provided by the HKHS or the Hong Kong Housing Authority (HKHA), in addition to removal allowances. For residents not eligible for rehousing, only removal allowances were offered.

Prosperous Garden Phase One, completed in 1991, comprised one rental block and two saleable blocks. More than 100 households affected by the "second redevelopment phase" moved into rental flats or elderly flats in Prosperous Garden Phase One; whilst most of the remaining chose other public rental units offered by HKHS or the HKHA. HKHS had also reserved some of the saleable flats in Prosperous Garden Phase One and offered to sell to those households affected by the "second redevelopment phase" at a discounted price, provided that these flats could not be resold in the market within 5 years. A small number of flats were also

reserved for former owners affected by the “first redevelopment phase”. They were given priority to buy the flats at market value.

The speaker added that when HKHS started to assist the Government in the clearance and rehousing of residents affected by the second redevelopment phase in 1990, the residents were basically Government tenants, and there was not any ‘flat-for-flat’ arrangement. Moreover, each affected household could only acquire one flat in the Prosperous Garden Phase One, instead of two as mentioned by a participant in the topical discussion on 27 June.

Presentation 3

Topic: New wine in old bottles

Speaker: Mr. David Tam, H19 Owners’ and Tenants’ Rights Concern Group

The speaker opined that one of the issues in urban renewal compensation and rehousing arrangements was their manner of execution. He said many owners under the H19 project employed designated surveyors and submitted counterproposals to the acquisition price. As far as he knew, all the counterproposals were rejected. The staff of the URA always advised the owners to sell their properties. Otherwise the properties would be resumed compulsorily. The speaker considered that such way of execution was inappropriate.

The speaker quoted information from the St. James’ Settlement’s social worker team regarding URA’s compensation arrangement: “If the owner does not agree with the Government’s statutory compensation decision, he can apply to the Lands Tribunal for a determination on the amount of the compensation. If the case has been referred to the Lands Tribunal, all the HPA and other allowances previously offered will be withdrawn.” The speaker said this was too harsh on the elderly owners and those who knew little about the law.

In addition, the speaker learned from newspaper reports that the URA would issue HK\$4 billion in bonds. He questioned that the URA could not be able to repay the interest unless it continued the policy to acquire properties collectively and invite tender for sale afterwards.

The speaker concluded that the Government and the URA had always known the hardships of the owners and tenants. They simply turned a deaf ear to their pleading. He did not believe that the URA would change its policy on the affected residents.

Presentation 4

Topic: How should compensation be ‘people-centred’?

Speaker: Ms. Wong Yat-man, Kwun Tong Urban Renewal Alliance

The speaker explained that her organisation represented a total of 23 buildings affected by the Kwun Tong Town Centre Project. Although the URA claimed that it had acquired 90% of the flats, the organisation’s survey showed that not one single property owner was able to buy a 7-year-old flat in the same district with similar transport network and location. Discontent among the residents was at boiling point. Many elderly residents only received HK\$3,900 compensation per

square foot. They were not able to buy a flat in the same district. Even if they were able to buy one, it would be a 40-year-old flat in the same district.

The speaker opined that the crux of the acquisition policy was that the URA had ignored the potential values of the properties and even the entire Kwun Tong redevelopment area. The private property right of the owners should be protected and the owners ought to have the option not to sell their properties. She recommended that the redevelopment value should form the basis of calculating the amount of compensation. A public auction would allow land to be sold to the highest bidding developer. The URA could be the facilitator and should impose extra terms and conditions on the auction, requiring the developer to provide 'flat-for-flat' and 'shop-for-shop' exchange arrangements for the owners. The development height and density and town planning should be the responsibility of the Town Planning Board.

The speaker suggested that a market-led redevelopment plan would be more efficient than a URA-led one. Surveyors should be involved to give professional assessment and to set the acquisition price. The Legislative Council should then set up an independent monitoring panel so that the owners could have a channel to voice their complaints.

Presentation 5

Topic: "Flat-for-flat" and "shop-for-shop" exchange, and local rehousing
Speaker: Ms. Ip Mei-yung, H15 Concern Group

The speaker was strongly opposed to the issue of bonds by URA, as she believed that issuing bonds would turn the URA into another "The Link".

URA was established in 2001 and enjoyed three concessions: (1) the Government would inject an operational capital of \$1 billion; (2) land premium would be exempted; (3) the Lands Resumption Ordinance could be cited. The speaker thought that the URA was powerful, and should therefore bear social responsibility. Based on the direction stated in the existing URS, the URA should put forward the "people-centred" approach, improve the living quality of residents, preserve local features and the social network,.

The term "people" as in "people-centred" should refer to the affected residents, including those who wanted to leave or stay, as well as those living at the periphery. The URA should aim not to sacrifice any resident's interests and the "flat-for-flat" and "shop-for-shop" exchange could be the solution. The speaker was strongly against "compulsory sale" or a forced move out. She also believed that the "flat-for-flat" and "shop-for-shop" exchange was simply to allow owners who originally owned properties on quality urban lots to exchange for flats in their original districts, rather than an exchange from old to new flats.

The speaker stated that it was problematic that only half of the compensation amount was provided for non-owner occupied properties. For example, the owners would be penalised when he or she bought a flat for parents". The speaker also pointed out the impacts of redevelopment to residents living in the vicinity. For

example, the redevelopment at Lee Tung Street transformed Amoy Street into a two-lane road, which added the (potential) dangers to residents.

The community network was derived and developed organically. Lee Tung Street would be built into a “love and marriage”-themed shopping arcade or commercial area. However, as shops would be sold or let at market prices after redevelopment, the original shop owners of Lee Tung Street would hardly be able to move back. This would destroy the original community network.

The speaker hoped that the future URS could include public engagement, owner participation with property ownership and “flat-for-flat” and “shop-for-shop” exchange etc. As grey areas were observed in the existing URS and related legislations, the DEVB should explain redevelopment issues clearly to all affected residents and allow them to fight for their deserved interests.

Presentation 6

Topic: Not provided

Speaker: Mr. Lau Wai-chung, Kwun Tong Urban Renewal Alliance

The speaker stated that urban renewal in Hong Kong was such a serious issue to the point that even the Central People’s Government was informed. This could be observed from the survey conducted by the One Country Two Systems Research Institute during the march on 1 July, where urban renewal related issues covered one page of the four-page questionnaire.

He recalled that during the colonial era, the government understood that urban redevelopment would destroy peoples’ homes. Policies were therefore at first strong but afterwards conciliatory, and were thus met with little resentment. From what he had heard, in the relocation and demolition of Kowloon City and Tiu Keng Leng, the Hong Kong British colonial government first provided a small amount of compensation, followed by one or two more rounds of additional compensation after demolition.

However, after Hong Kong’s return to China, oppressive policies were adopted when the URA carried out redevelopment. Take the Kwun Tong redevelopment project as an example, over 600 out of 1,300 residential units suffered from insufficient compensation. Residents only noticed the strong policy, and therefore resented the Government. In the Lee Tung Street project, the owners had no say over the selling price. They were also unable to return to their original districts, and could not even participate in planning. Today’s URA and the Government neglected all opposition voices. There was no problem with the URS. The problem lay with the officers responsible for its implementation and operation.

Presentation 7

Topic: Yerba Buena, San Francisco – from resistance to community-led local rehousing

Speaker: Mr. Shum Hok-man, Community Cultural Concern

The speaker referred to the case of Yerba Buena in San Francisco, where the people received local rehousing as a result of their resistance.

In the 1960s, residents living to the south of Market Street were all low-income groups and the elderly. The San Francisco Redevelopment Agency (the Agency) was independent from the municipal government, and had the power to carry out municipal-wide redevelopment works. At that time, the Agency hoped to extend the commercial lots from the north of Market Street to the southern side, while establishing exhibition venues, hotels and commercial buildings in Yerba Buena. Over 3,000 single residents and 280 families raised opposition. They demanded the issue of local rehousing to be settled before demolition. The Agency neglected the opposition and forced the residents to move out. As a result, the residents organized the “Tenants and Owners in Opposition to Redevelopment” (TOOR) and sued the Agency with the Residential Laws established in 1949, which stipulated that before demolition, residents must be rehoused to a safe, decent and hygienic residence.

The Agency finally reached an agreement with the residents in 1973. Several residential buildings were built within the district. Funded by the government while managed by residents, the approaches of local rehousing and construction before demolition were realised. The TOOR became a community development corporation – the Tenants and Owners Development Corporation. It constructed many low-income residences, elderly homes and parks in Yerba Buena. The Agency also built numerous commercial buildings and cultural facilities. The two co-existed and the financial status of the Redevelopment Agency was not affected.

The speaker said that from the experience of San Francisco, local rehousing and construction before demolition were the basic rights of residents which could diversify and vitalise the community. On the contrary, inappropriate rehousing would destroy the community network and increase social cost.

After the public presentations, Mr. Ian Wong Wai-kuen from URA responded to the statements in presentation 5. He clarified that within the same redevelopment project, each property owner would receive HPA for a maximum of three flats, including residences occupied by the owner’s immediate family members.

Gist of Group Discussion Reports

Group discussions were carried out in six groups. The discussion results were as follows:

1 The right to opt for “flat-for-flat” and “shop-for-shop” exchange

Some groups said that redevelopment affected the lives of the neighbourhood and destroyed the social network. The residents had no other options but to accept the compensation and move out. Property owners of “Sneaker Street” in the group were dissatisfied; they had been operating business for several decades, but were now forced to leave, and would have to rent a shop at the market price upon completion of the redevelopment. Some participants thought that no matter whether the calculation was based on 7 years or any number of years of building age, the growth potential of the property and the value of the property to the owner, including its business, source of customers

etc, could not be reflected in the compensation. The solutions would be 'flat-for-flat' and 'shop-for-shop' exchange, property owners' participation, ownership in the project and local rehousing. In so doing, the social network would not be damaged.

A number of participants thought that 'flat-for-flat' exchange should mean an exchange with new flats. Some participants said that 'flat-for-flat' exchange might not necessarily result in a loss of profit. For example, the private development at Lai Shing Court in Tai Hang had adopted such a mode. The ideal handling method was to allow property developers and URA to distribute the profit to the affected owners, tenants and shop owners, which could reduce social conflict. Some participants also believed that 'flat-for-flat' exchange would increase cost but the Government and the URA should bear the cost, as in the funding for improvements in transport and the environment, as well as other similar social costs. No residents should be sacrificed in redevelopment.

Some groups believed that the interest of affected shop operators should be protected. Assistance should be given to them to search for shops with similar sizes in the same or neighbourhood districts to continue their businesses. Some participants also suggested preserving existing business features. The concerned authority should not only build large malls after redevelopment, which would strangle the survival of small business operators. Therefore the idea of 'shop-for-shop' exchange should be put forward in planning.

Some participants thought that redevelopment should allow for the construction of new accommodation before demolition. Where circumstances did not allow, URA should provide households rental allowance based on rents in the same district. Some groups expressed that the phased redevelopment mode of Prosperous Garden was excellent, which could minimise the impact on affected residents and enable the original residents to opt for staying behind.

2 Feasibility and sustainability of the current compensation mode (equivalent to the value of a 7-year-old building)

Some groups thought that the process of existing discussions on compensation was not transparent enough. URA should publicise information on the number of valuations submitted by consultants which were finally accepted. Some participants opposed the current mechanism of compensation after the implementation of the project.

Some participants expressed that the current compensation benchmark (i.e. equivalent to 7-year-old buildings) was insufficient for the affected residents to buy a suitable flat in the same district and continue to live there. Together with the renovation fees, the loss to property owners would be even greater. Some believed that the redevelopment projects should not be too large in area and too intensive and should be implemented in phases. Otherwise, in case of one-off demolition, the affected neighbourhood might not be able to find a 7-year-old building in the same district with the compensation amount.

Situations like URA's one-off demolition of 5 to 6 street blocks in Sham Shui Po should be avoided, where the affected neighbourhood residents might have insufficient time to search for a suitable shop or residential unit.

Take Lee Tung Street as an example, some queried that there was transfer of benefits. They thought that the URA applied the market approach when calling for tender, but adopted various standards during property acquisition. All approaches should be standardised and follow the market with one bidding price. Alternatively, the methods of acquisition employed by private developers¹ could be adopted.

Some participants suggested that the 7-year-old building compensation mode should include rooftop units, regardless of whether it was common interest stated in a Deed of Mutual Covenant or private property. Some participants pointed out that small property owners lacked the financial power to hire solicitors to solve the issue through the Lands Tribunal.

Some indicated that the acquisition price of private developers was close to the 7-year-old building compensation but since no compensation terms with negative connotation, such as compassionate compensation, subsidies etc were adopted, it was acceptable to the affected owners and residents who felt they were being respected.

Some groups thought that the compensation benchmark should not calculate or compensate the loss of affected property owners and tenants in monetary terms only. The losses, including the impacts on the living standard as a result of redevelopment and removal from the original district, the psychological pressure and annoyance incurred and the changes in the business and living environment etc should also be quantified.

3 Compensation for owners of tenanted / vacant residential property VS compensation for owner-occupiers

The current standard of compensation and subsidy differed between owners of tenanted residential property and owner-occupiers. Some participants thought that it was unfair and would result in disharmony. The right of investment should not be deprived. During the acquisition of shop owners' land titles, URA had considered providing ex-gratia business allowance. As renting out residential property was indeed a business, the owners should also be eligible for the allowance. Participants expressed that URA should not compensate selectively.²

¹ Mr. Joseph Lee King-chi of URA said that acquisition was achieved through mutual agreement. Compensation criteria were approved by the Finance Committee of the Legislative Council, which stipulated that during acquisition, property owner-occupiers would receive compensation at market price and an additional HPA. The total sum should be based on the value of a notional 7-year-old flat.

² Lee King-chi of URA pointed out that the compensation criteria for tenanted or owner-occupied flats were approved by the Finance Committee of the Legislative Council. Whether the flat was categorised as owner-occupied or tenanted would be based on the moment when the Freezing Survey was conducted.

Some participants expressed that should owners receive the same compensation amount no matter whether the flat was rented, vacant or owner-occupied, owners would then have no motivation to force tenants to leave. Tenants who moved out one or two months prior to the commencement of redevelopment should also receive protection and compensation.

4 Rehousing Policies

Some participants disagreed with providing monetary compensation only. They thought that rehousing affected residents and offering the option of local rehousing were even more important. Some thought that the “same district” should refer to areas within 15 minutes’ walk.

Some participants believed that new buildings should be constructed to rehouse residents before the demolition of old buildings. They thought that the current construction model of new buildings always resulted in luxury villas and was too uniform. This model would not be able to preserve the social network. Some suggested reserving some flats or floors for letting out at a comparatively low price. This could allow low income and disadvantaged groups to rent flats in the same district.

There were participants who expressed that the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 resulted in less protection for tenants. Many tenants were worried that pressure would be exerted on owners to leave their flats vacant. In addition, some participants stressed that since tenants always faced financial difficulties, their rights should be safeguarded. It was suggested to build public housings in the vicinity of redevelopment areas to rehouse the affected tenants. This should not be limited by the maximum income levels of HKHS and HKHA. Some participants thought that the URA should implement measures to assist tenants as soon as possible without further delay.

5 Others

- Some participants pointed out that the social network was very important, but some expressed that the importance of the social network depended on different people.
- Residents, property owners, tenants and shop owners should also have the right to participate in the entire redevelopment. A mechanism which allowed them to submit redevelopment proposals to the authority by themselves could also be considered. The URA should act as a coordinator and facilitator, but not a property developer.
- Redevelopment projects should not be focused on shopping malls and famous brand stores but should be diversified. There should be different land uses within a district, including commercial, residential and community facilities.
- Redevelopment was not the only option.
- The URA and the Government should carry out social impact assessment.
- The URA should disclose its financial information and should be subject to monitoring. There should be an independent urban renewal regulatory body to allow residents to make complaints. The H15 Concern Group had

attended the meeting of URS Review in the Legislative Council in June and hoped that the Legislative Council would set up a task force to monitor the URA. The motion was rejected in the end. It was believed that a monitoring mechanism did not exist.³

- It was believed that sufficient time should be provided for participants to express their opinions even though time was limited for public engagement activities. It could help clarify the issues in their minds. On the other hand, apart from the presence of observers from the Development Bureau and URA, all observers from the public, civil organizations, professional bodies or different government departments should be welcome.⁴

A-World Consulting Limited
July 2009

- End -

³ Mr. Joseph Lee King-chi from the URA indicated that the URA was a public organisation monitored by the public and the Government. Ms. Winnie So from DEVB indicated that the URS Review carried out by DEVB did not have any predetermined agenda. URA was bound by the Urban Renewal Authority Ordinance and was required to submit a report on their works to the Legislative Council every year. Therefore, a monitoring mechanism did exist. This review could also further explore the ways of improvement.

⁴ Mrs. Sandra S.C. Mak, the host, reaffirmed the commitment that people who wished to voice their opinions would be arranged in public engagement activities. They would ensure the sequence and order of the activities and at the same time extend and insert sessions for participants to express their views. She also stated that people from all parties were welcome to attend as observers. The representatives from DEVB and the URA attended the meeting as observers with a view to listening to opinions directly. All of their statements made were only to provide clarification on background information and facts, which would not be treated as valid opinions. Ms. Winnie So from DEVB stated that colleagues from DEVB and the URA attending meetings as observers during the URS Review were there to listen to public opinions at the front line. They might clarify relevant policies for reference when necessary.

Annex: Summary of presentation entitled “An Introduction to the Compensation and Rehousing Policies” (provided by Mr. Ian Wong Wai-kuen from URA)

The property acquisition policy of URA was based on the resolution passed by the Finance Committee of the Legislative Council in March 2001. The acquisition offer of an owner-occupied residential property was the market value of the flat plus a Home Purchase Allowance (HPA). The total amount was equivalent to the market value of a notional 7-year-old replacement flat in a similar locality. In addition, there was an incidental cost allowance to assist owners with the removal expenses and necessary expenditure. This allowance would be adjusted every half year. In a redevelopment project, each owner was entitled to receive HPA for no more than 3 properties, including flats used as sole residence by the owner’s immediate family members.

The acquisition price of a tenanted or vacant residential property was the market value of the flat plus a Supplementary Allowance (SA) and an incidental cost allowance. In a redevelopment project, each owner was entitled to receive SA for no more than two flats – the first flat could receive half of the HPA while the second flat could receive one-fourth of HPA. The third could only receive incidental cost allowance.

Under the new URA’s pilot policy “Expression of Interest in Purchasing Arrangement” (EIPA), owner-occupiers who wanted to move back to the redeveloped property were given priority to purchase new flats after the redevelopment at the prevailing market price. It would help to retain the social network.

An owner of an owner-occupied non-residential property received the market value of his property plus an allowance equivalent to 4 times of its rateable value or 35% of its market value, whichever was the higher. If it was a tenanted or vacant non-residential property, an owner would receive the market value of his property plus an amount equivalent to its rateable value or 10% of its market value, whichever was the higher. In order to provide for the owner-occupiers who had operated businesses, especially small businesses in the same site for many years, the URA would offer an ex-gratia business allowance. The allowance was payable at a rate of 0.1 multiplied by the rateable value for each year and the number of years the owner-occupier had operated the business in the property continuously (up to a maximum of 30 years), and subject to a maximum amount of \$500,000 and a minimum of \$70,000. Owners might also choose to claim for business loss as an alternative to the above allowances.

In the Sneaker Street project, the URA accepted the opinions from current occupiers. After the completion of the redevelopment project, original sports companies (including owner-occupiers and tenants) who opted to join the arrangement would be given the priority to rent a unit for selling sports products. The rent would be calculated at prevailing market level.

If owners owned the whole building, the acquisition price was the current market value plus the relevant allowances or 105% of the redevelopment value of each unit, whichever was the higher.

Vacant sites would have the redevelopment value plus an additional 5%. The rooftop was calculated at market price with an additional 10%, but unauthorized structures would be excluded.

Regarding 'flat-for-flat' and 'shop-for-shop' appeals, one of the considerations of the authority was that if 'flat-for-flat' exchange referred to replacing a new flat for original owners, this was more than the offer under the present 7-year-old flat compensation policy. For 'shop-for-shop' exchange, the site coverage of G/F shops in old buildings was high in general. In order to comply with existing legislation, the saleable area for shops after redevelopment would be reduced. With the changes in orientation and layout etc., a lot of technical problems would have to be resolved.

On the other hand, the use of saleable area to calculate acquisition price had long been used. This calculation method had a clear guideline which followed the code of practice issued by the Hong Kong Institute of Surveyors. While analysing the transaction records, surveyors would divide the transaction price of the flat by its saleable area. The result would be the price of saleable area per square foot, and this price would be applied to the acquisition of flats with saleable area. However, if the same transaction price of the flat was divided by the gross floor area, the price per square foot would be much lower. As a result, owners might not benefit if the price of the gross floor area per square foot was adopted in acquisition. And since there was not any standard for gross floor area, more disputes would result. In fact, the Lands Tribunal also made calculations calculated based on the saleable area.

Concerning the tenants, affected residential tenants could receive ex-gratia payments or those who were qualified could opt for rehousing in lieu. The amount of ex-gratia payment was equivalent to 3.5 times of the rateable value while for those who opted for rehousing had to be living in their flats before the Freezing Survey was conducted and met the eligibility criteria for public rental housing provided by the HKHA and the HKHS. In addition, the URA would also offer ex-gratia removal allowances to tenants who opt for rehousing. Non-residential tenants could receive ex-gratia allowances equivalent to 3 times of the rateable value plus an additional payment of ex-gratia business allowance. They might also choose to claim for business loss as an alternative to the above allowances.

- End -