

LEGCO QUESTION NO. 7

(Written Reply)

Date of sitting: 28 April 2004

Asked by: Dr Hon LAW Chi-kwong Replied by: Secretary for Housing,
Planning and Lands

Question

Will the Government inform this Council whether it knows if the Urban Renewal Authority (“URA”) has plans to:

- (a) revise the basis (i.e. the market value of an approximately seven-year-old flat of a similar size in the same locality of the acquired flat) for calculating the Home Purchase Allowance, or reduce the level of other allowances; if so, of the details of the plans; if not, the specific means the Administration has to help URA resolve its financial difficulties; and
- (b) provide additional assistance to the elderly property owners affected by redevelopment programmes, in particular assistance in rehousing and financial provision; if it has, of the details of the assistance; if not, the reasons for that?

Reply

President,

My replies to the two parts of the question are as follows –

- (a) The Urban Renewal Authority (URA) is an independent statutory body established to implement the urban renewal programme. Its policies, including acquisition and compensation policies, are determined by the URA Board from time to time.

The Government’s Home Purchase Allowance (HPA) policy was approved by the Finance Committee of this Council in March 2001 and applies to all Government resumption exercises, including those relating to URA projects. The URA’s compensation policy is based on the statutory compensation under the Lands Resumption

Ordinance and the Government's HPA policy, plus some applicable ex-gratia allowances to act as an incentive to encourage affected owners to accept the URA's acquisition offers voluntarily.

The URA keeps in view the operation of its policies, including its compensation policy. It will from time to time take stock of the operation of its compensation policy in the light of experience gained from launched projects and changing economic and market conditions to ensure the best use of its available resources, and an effective and sustainable urban renewal programme. As part of the on-going liaison between the URA and the Government, the URA shares with us its experience in different areas of its work. The URA has not made any specific proposals to revise the basis for calculating the HPA.

Other ex-gratia allowances are set by the URA Board from time to time. The Government is not aware of any current proposals of the URA Board to change such allowances.

The Government has put considerable resources into urban renewal, including reserving \$10 billion for equity injection into the URA and granting redevelopment sites to the URA at nominal premium. On the basis of the Government's financial support and subject to various assumptions (such as movements in the property market and interest rate changes), the URA estimates that it would achieve a breakeven position with a marginal surplus at the end of the development period for all the projects in its third Corporate Plan.

- (b) The URA has engaged social service teams to assist residents who are in need of special assistance, including elderly owners. Assistance offered to such owners includes facilitating them in finding suitable replacement flats, helping them in the physical relocation and in the process of their adapting and settling down in the new home. Temporary rehousing arrangement and financial assistance are provided to elderly owners who are in genuine need. Upon request, initial deposits above the standard payment of 10% of the offer may be paid to assist owners who need such an arrangement to secure a replacement flat.