

**Summary of the Proposed Enhancements to the
General Ex-gratia Compensation and Rehousing Arrangements
for Government’s Development Clearance Exercises**

Key Features

- **From “project-specific” packages to a unified as well as enhanced general ex-gratia compensation and rehousing (C&R) package** applicable to all future Government’s development clearance exercises;
- Offering **non-means tested rehousing** for affected eligible households in dedicated rehousing estates (Dedicated Estates) to be developed and managed by the Hong Kong Housing Society (HKHS);
- Suitably **relaxing the eligibility criteria and increasing the amount of cash ex-gratia allowances (EGAs)**;
- Suitably offering appropriate ex-gratia C&R arrangements for eligible households residing in **surveyed/licenced non-domestic structures**; and
- Relaxing the eligibility criteria of applicable EGAs for **business undertakings on brownfields and in squatters**.

Domestic Occupants in Squatters

(A) Rehousing

- Offering **non-means tested rehousing option** to eligible households residing in surveyed/licenced structures continuously for **at least seven years** immediately preceding the date of Pre-clearance Survey (PCS).
- **Dedicated Estates** will be built and operated by HKHS, offering **rental and subsidised sale flat (SSF) units** without means test requirement.
- Retaining the current **means-tested rehousing option** under which subsidised housing of the Hong Kong Housing Authority (HKHA) will be offered the eligible households residing in surveyed/licenced domestic structures

continuously for **at least two years** immediately preceding the date of PCS.

- Offering **transitional arrangements** by making use of vacant units of HKHS's rental and HKHA's public rental housing (PRH) estates before HKHS's Dedicated Estates are completed and ready for population intake (estimated to be in around 2023/2024 for the Dedicated Estates at Pak Wo Road, Fanling and Hung Shui Kiu (HSK) New Development Area (NDA)) to eligible households affected during this transitional period and opting for non-means tested rehousing. Concerned households would be given the option (instead of being mandated) to relocate to the Dedicated Estates when they are ready for population intake.

(B) Cash EGAs

- **Relaxing the eligibility** for Ex-gratia Allowance for Permitted Occupiers (EGAPO) to cover also eligible households residing in surveyed/licenced structures continuously for **at least two years** immediately preceding the date of PCS (i.e. **shortened from the existing threshold of at least 10 years to 2 years**) and meeting the other prescribed relevant eligibility criteria.
- **Increasing the cap of allowance and relaxing the way of calculating EGAPO.** As far as a household residing in an eligible structure of at least 10 square metres is concerned, depending on the size of an eligible structure and the length of continuous residence of a household, based on the current EGAPO basic rate, the EGAPO amounts payable in the New Territories will increase from a range between about \$48,000 and \$600,000 to a range between about \$60,000 and \$1,200,000¹. The EGAPO basic rates are updated every six months with reference to rental level.

¹ There are three different EGAPO basic rates depending on the location of eligible structures, including Urban, Extended Urban and New Territories. The current basic rates for the three locations are at \$18,216, \$13,680 and \$12,096 per square metre respectively. As there is currently no EGAPO amount floor, the minimum EGAPO amount in the New Territories is \$48,384 (\$12,096 x 10 square metres x 40%) if using households residing in eligible structures with size of 10 square metres or more as an example and calculating using the basic rate in the New Territories (i.e. \$12,096), with adjustment by residence length (i.e. households with residence length between 10 and 15 years may receive 40% of the basic rate). The maximum EGAPO amount cap is \$600,000. Under the proposed enhancement measures, there is an EGAPO amount floor whereby the eligible area of structures resided by households is still counted as 10 square metres even if it is less than 10 square metres. Hence, the minimum EGAPO amount in the New Territories is \$60,480 (\$12,096 x 10 square metres x 50%) after adjustment by residence length (i.e. households with residence length between 2 and 6 years may receive 50% of the basic rate). Under the proposed enhancement measures, there is a size cap of 100 square metres for EGAPO amount, so the maximum EGAPO amount in the New Territories is \$1,209,600 (\$12,096 x 100 square metres x 100%).

(C) Coverage of Domestic Occupants of Surveyed/Licensed Non-domestic Structures

- The non-means tested rehousing option and EGA arrangement will be **relaxed to a certain extent to cover households currently residing in surveyed/licenced non-domestic structures.** Given that this is a discretionary arrangement, the Lands Department (LandsD) will conduct a **one-off voluntary registration exercise.** **Households already residing in those non-domestic structures at present must be registered in the exercise** and must meet the relevant prescribed requirements before they may be considered eligible for relevant C&R arrangements in Government's development clearance exercises in the future.

(D) Domestic Removal Allowance (DRA)

- **Relaxing the eligibility to cover all households covered by PCS and cleared by Government** (at present, only eligible households residing in surveyed/licenced domestic structures or in surveyed/licenced non-domestic structures continuously for at least two years immediately preceding the date of PCS are covered).
- **Increasing the DRA amount.** Depending on the size of households, DRA amounts will increase from a range between \$5,365 and \$20,251 to a range between \$9,410 and \$28,840 (at the prevailing level). DRA amounts are updated annually.

Business Undertakings Operating on Brownfields or in Squatters

(A) EGA for outdoor/open-air business operations

- The Government announced on 11 April 2017 that an EGA arrangement² be proposed for **eligible outdoor/open-air business undertakings** apart from their present avenue of making statutory claims. It is now proposed to further **relax** the **eligibility criteria** for the EGA by **shortening the minimum continuous operational period from at least ten years to seven years** immediately preceding the date of PCS.

(B) Business undertakings operating from surveyed/licenced structures

- **Relaxing the eligibility for EGA:** in respect of the EGA arrangement for business undertakings endorsed by the Finance Committee (FC) on 6 December 2013, if business undertakings change the use of a surveyed/licenced domestic structure into non-domestic uses generally covered in Squatter Control Survey or change the use on a limited basis of a surveyed/licenced non-domestic structure into other specified non-domestic uses (e.g. from godowns to workshops), they may still be eligible for the prevailing EGA arrangement under the new proposal.

Development Bureau

Lands Department

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² For eligible outdoor/open-air business operations on private agricultural land –

- (i) the rate for open area of workshops (i.e. prevailing rate at \$390 per square metres (m²)) be adopted for the open areas of the outdoor/open-air business operations, subject to a minimum qualifying area being 20m² and a maximum payment ceiling being 5 000m² per business operation; and
- (ii) any business operations from structures on site be dealt with under the current ex-gratia allowance (EGA) arrangement for workshops, if eligible; and

For eligible business operations on private agricultural land permitted by short-term land instruments issued by LandsD and eligible business operations on government land under short-term tenancies (excluding those sites let under Abbreviated Tender System) –

- (i) the rate for covered area of workshops (i.e. prevailing rate at \$116,500 for the first 5 to 25m² and \$2,330 per m² thereafter) be adopted for the areas occupied by structures permitted under the relevant land instruments, subject to a minimum qualifying area being 5m²; and
- (ii) the rate for open area of workshops (i.e. prevailing rate at \$390 per m²) be adopted for the open areas not occupied by structures, subject to a minimum qualifying area being 20m² and a maximum payment ceiling being 5 000m² per business operation.

The EGA rates are subject to annual updates in accordance with the same established practice for the current EGA for workshops.