

# Enhancements to the compensation arrangements for landowners and business operators affected by land resumption and clearance projects of the Government

The Development Bureau announced today (May 3) that the compensation arrangements for landowners and business operators affected by land resumption and clearance projects of the Government would be enhanced.

The Government has been stepping up its efforts on land resumption in recent years to meet community's needs for land supply and implement various community enhancement projects. The society has all along expected the Government to address the concerns of the affected persons in a fair and reasonable manner when taking forward land resumption and clearance and allow the relevant work to proceed smoothly.

In mid-2018, the Government announced enhancements on the ex-gratia compensation and rehousing arrangements focusing on squatter households and business operators. Thereafter, the Government has continued to listen to views from different quarters. Upon review, it was considered that there is a need to rationalise the compensation arrangement for landowners which was not covered in the last exercise, and to adjust, with reference to the operational experience in the past few years, the approval criteria of the ex-gratia allowance (EGA) newly introduced in mid-2018 for outdoor business operators.

The enhancements include:

- (1) in respect of the ex-gratia compensation for landowners, to merge the four zones under the "Ex-gratia Zonal Compensation System" (Zonal System) into two zones, namely the "Tier One zone" (applicable to land required for development uses, such as New Development Areas (NDAs), residential, economic development uses, and related public facilities) with the compensation amount set at the Zone A rate under the existing system, and the "Tier Two zone" (applicable to land required for non-development uses, including rural improvement and conservation uses) with the compensation amount set at half of that of the "Tier One zone";
- (2) in respect of EGA for outdoor business operators, to modify the minimum operation duration required of a business operator under the "EGA for Open-air/Outdoor Business Undertakings" from not less than seven years preceding the date on which the Government conducted the freezing survey to not less than two years, and to remove the payment ceiling on open areas that could be taken into account in calculating the EGA amount (currently each business

undertaking may receive EGA for open areas not exceeding 5 000 square metres), but the Lands Department would reserve its right to deduct the area which is not genuinely used for operation when calculating the EGA amount in dubious cases in future.

A spokesman for the Development Bureau said, "In respect of ex-gratia compensation for landowners, the use of two different tiers of compensation rate for resuming land for public housing projects within and outside of NDAs has been of particular concern to landowners and stakeholders in the past. A Zonal System with compensation arrangements delineated by development uses and non-development uses can reflect the nature of the land resumption project in a more appropriate and more concise manner."

Under the two-tier Zonal System in future, owners of land resumed for development uses outside NDAs will receive the same Tier One rate as in development projects within NDAs, representing a 60 per cent increase over the Zone B rate normally receivable for development projects outside NDAs before the merging of the compensation zones. Owners of land resumed for non-development uses will receive Tier Two rate, representing a 20 per cent increase over the Zone C rate normally receivable for rural improvement works in the past.

As for the situation of outdoor business operators, the spokesman said that the original approval criteria of the EGA might have prevented some of the affected businesses from receiving pertinent monetary assistance to cope with their removal expenses and the impact caused by land resumption and clearance. The shortened minimum operation duration preceding the date of the freezing survey will align with the minimum residence duration applicable to squatter households for receiving cash EGAs, while the relaxation on the ceiling on the open areas that could be taken into account in calculating the EGA amount is to reflect the circumstances of individual business operators.

The spokesman said: "This round of enhancement measures serve to rationalise the existing regime, which are very important to the future land resumption cum clearance and land development work, which, having balanced the considerations on the use of public resources, seek to respond to the needs and aspirations of the affected persons in a reasonable manner."

The spokesman continued, "The said ex-gratia compensation and EGA are alternative options to statutory compensation to provide landowners and business operators with a streamlined and speedier means to handle compensation matters. Relevant persons can still opt for individual assessment of the compensation amount via the statutory compensation route if they so wish."

The Development Bureau will brief the Legislative Council (LegCo) Panel on Development on May 10 and plan to seek approval from the Legislative Council Finance Committee on the above enhancement measures in late May or early June. If approved, implementation of the enhancements will be backdated to today (i.e. May 3, 2022).

Moreover, the Government has also taken this opportunity to update two parameters in the formula for regular adjustment (normally every six months) of the compensation amount under the Zonal System. All along, the zonal compensation amount has been adjusted by the formula bi-annually in accordance with changes in the land values of developed land within new towns. The Government will, on top of the three new towns originally represented in the formula (Sha Tin, Tuen Mun, Tsuen Wan), add two major existing new towns within the catchment of the Northern Metropolis (Yuen Long, Fanling & Sheung Shui), and rebase the weightings of the land value of different categories of land according to the latest land use mix in the five new towns (based on the prevailing applicable Outline Zoning Plans), with a view to ensuring the parameters in the formula would keep up with the times.

For details of the various measures above, please refer to the LegCo Brief issued today.

The enhancement measures announced in mid-2018 introduced a new non-means-tested rehousing option provided by the Hong Kong Housing Society for eligible squatter households, and relaxed the eligibility criteria and level of the EGA for eligible squatter households. After implementation, the measures have significantly improved the rehousing prospect of affected households, and allow more households the chance to receive the EGA and at higher amounts to assist them in coping with difficulties in relocation. The spokesman of the Development Bureau said, "For the major development clearance projects in recent years, out of the households which have completed eligibility assessment, around 65 per cent were allocated rehousing units (while major reasons of households being ineligible for rehousing include: the structures resided were unauthorised without any survey registration records, the households own domestic property in Hong Kong, the households are existing tenants of public housing, inability of the households to prove residence within the development area, etc), of which around 70 per cent were rehoused through the new non-means-tested rehousing option. We will continue to adhere to our 'people-oriented' philosophy and do our best in explaining our policies and carrying out the processing work for rehousing and compensation."