(Question Serial No. 6689)

Head: (91) Lands Department

Subhead (No. & title): (-) Not Specified

Programme: (1) Land Administration

Controlling Officer: Director of Lands (Thomas CHAN)

Director of Bureau: Secretary for Development

Question:

Under Brief Description (paragraph 5), it is stated that “(I)n 2019, ...The Department also resumed 2 356 property interests for urban renewal projects”. Under Brief Description (paragraph 6) regarding the “performance measures in respect of land administration” relating to land acquisition, it is stated that the “offer of compensation or invitation to claims made within three weeks from land reversion”. Moreover, in Matters Requiring Special Attention in 2020-21, (the Department will) “continue with undertaking land administration work and handling compensation claims in respect of railway development projects by the railway corporations and urban renewal projects by the URA (Urban Renewal Authority)”. Please inform this Committee of the following:

(1) When making offers of compensation under the Lands Resumption Ordinance for the implementation of URA projects, the Government adopts “open market value” and “ex-gratia allowance equivalent to three times the amount of the rateable value” as mentioned in “sub-paragraph (c) Compensation to tenants under paragraph 6.2 Commercial Property on page 13” of the Land Resumption and Compensation in the Urban Area - Guidelines for Owners, Occupiers and Surveyors, for coming up with a compensation package for shops. Apart from this, will the Lands Department offer compensation based on “ex-gratia allowance calculated according to the commercial area” or “ex-gratia allowance equivalent to three times the amount of the rateable value”, whichever is higher?

(2) Does the price per square foot of a shop derived from the computation formula applicable to “ex-gratia allowance calculated according to the commercial area” vary with such locations as the shop front or cockloft? What was the price per square foot derived from the compensation computation formula in 2019?

(3) Please state the reason(s) if the above information cannot be provided.
 Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 6017)

Reply:

The Land Resumption and Compensation in the Urban Area - Guidelines for Owners, Occupiers and Surveyors” (the Guidelines) briefly outline the prevailing procedures for land resumption and statutory and ex-gratia compensation provisions applicable to private land resumed in the Urban Area including for urban renewal projects. According to paragraph 6.2(c) of the Guidelines, legal tenants of commercial properties are entitled to the open market value, if any, of their interest in the commercial properties (for example, the value of an unexpired lease term subject to an existing rent below the prevailing open market rent), plus one of the following additional payments: (i) an ex-gratia allowance equivalent to three times the amount of the rateable value of the resumed properties prevailing at the date of reversion and where appropriate, severance payments to employees under the Employment Ordinance (Cap. 57); or (ii) the right to make statutory claims for compensation under the Lands Resumption Ordinance (Cap. 124). Rateable value of the resumed properties are assessed by Rating and Valuation Department having regard to the estimated annual rental value of the property of which the area of the property had already been taken into account.

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