

**Memorandum for the Commercial Properties Committee
and Subsidised Housing Committee of
the Hong Kong Housing Authority**

**Proposed Rehousing and Associated Arrangements
for the Clearance of Choi Hung Estate Phase 1**

PURPOSE

This paper seeks Members' approval of the proposed rehousing and associated arrangements for the clearance of Choi Hung Estate (CHE) phase 1 – Pik Hoi House, Kam Pik House and Tan Fung House.

RECOMMENDATIONS

2. Members are recommended to –
 - (a) note our plan to announce the clearance of Pik Hoi House, Kam Pik House and Tan Fung House at CHE (site for phase 1 of the redevelopment) in December 2024 with a view to clearing the site in **April 2029** (paragraph 3);
 - (b) approve the proposed rehousing and associated arrangements for the affected domestic tenants, including the proposed revision of the Singleton Allowance (SA)/Doubleton Allowance (DA) (paragraphs 5 to 10);
 - (c) approve the granting of Ex-gratia Allowance (EGA), restricted tender opportunity to lease the Housing Authority (HA)'s commercial premises or Lump Sum Payment (LSP) for eligible commercial tenants (paragraphs 11 to 12);
 - (d) note the other associated arrangements for eligible commercial tenants (paragraph 13);

- (e) approve the establishment of an on-site Community Service Team (paragraph 14 to 15); and
- (f) approve declassification of this paper (paragraph 22).

BACKGROUND

3. The Strategic Planning Committee (SPC) at its meeting held on 6 December 2024 approved the clearance of Pik Hoi House, Kam Pik House, Tan Fung House and two vacant schools at CHE under phase 1 as the initial phase and the use of the New Mei Tung Estate as reception estate. SPC also agreed to set **April 2029** as the target clearance date. Subject to Members' approval of the proposed rehousing arrangements detailed below, we will formally announce the clearance of CHE phase 1 together with the rehousing arrangements in December 2024 and target to clear the site in April 2029. This should provide affected tenants a notification period of around 52 months. Location Plan of Choi Hung Estate Phase 1 Clearance and the Rehousing Resources is at **Annex I**.

Choi Hung Estate Phase 1 Clearance Boundary Plan is at **Annex II**.

4. Located in Wong Tai Sin District, CHE comprises eleven old slab blocks completed from 1962 to 1964. Pik Hoi House, Kam Pik House and Tan Fung House consist of 1 993 domestic units (currently occupied by about 1 970 households). This clearance also affects 48 commercial tenancies^{Note 1} and one welfare tenancy of which 46 commercial tenancies are eligible for EGA.

ARRANGEMENTS FOR DOMESTIC TENANTS

(a) Rehousing to Public Rental Housing (PRH) units

5. Adequate rehousing resources will be made available for the affected domestic tenants. Currently, there are about 1 970 households living in Pik Hoi House, Kam Pik House and Tan Fung House. As endorsed by SPC in December 2024, the new Mei Tung Estate expected to be completed in 2028 to 2029 will be used as reception estate for the affected tenants, who will also be allowed to move to refurbished flats in any district of their choice subject to availability of suitable refurbished flats.

Note 1 Including 47 commercial premises in Kam Pik House and 1 adjoining commercial premises on the ground floor of Kam Pik House and the ground floor of Kam Hon House.

(b) Domestic Removal Allowance (DRA)

6. Residents affected by HA or government clearance exercises will be paid DRA to help meet part of their moving expenses. Under the prevailing policy, affected domestic tenants who are given advance notification of more than 30 months will be offered normal DRA. Otherwise, they will be offered twice the amount of DRA to compensate for a shorter notification period. Since the current notification period for clearance of Pik Hoi House, Kam Pik House and Tan Fung House is more than 30 months, normal DRA will be offered. The prevailing DRA rates as mentioned in Paper No. **SHC 3/2024** are –

Household size (No. of Persons)	DRA Rates (\$)
1	10,030
2 - 3	17,300
4 - 5	24,570
6 and above	31,910

(c) Singleton Allowance/Doubleton Allowance (SA/DA)

7. SA and DA aim at providing eligible one-person (1-P) and two- person (2-P) households affected by HA or government clearance exercises an option to choose cash allowance in lieu of PRH. Recipients of SA/DA will be debarred from further payment of the allowance and any further form of subsidised housing for two years from the collection date of SA/DA.

8. In accordance with the formula ^{Note 2} approved by the then Management Operations Committee (MOC) in 1997, the prevailing SA and DA rates, last revised in March 2024 are \$78,530 and \$95,790 respectively. In accordance with the established formulae, we propose to revise SA and DA rates as set out below. Detailed calculation is at **Annex III**.

Household size (No. of persons)	Singleton and Doubleton Allowance		
	Existing Rates (\$)	Proposed Rates (\$)	Variation (\$)
1	78,530	78,820	+290 (+0.37%)
2	95,790	96,050	+260 (+0.27%)

9. We **propose** that the revised SA and DA rates will be applicable to all HA and government clearance exercises formally announced on or after the date of approval of this paper. For clearance exercises already announced, the SA/DA rates will remain unchanged at the then prevailing rates applicable to each individual project.

Note 2 Based on the formulae approved by the MOC in 1997, the rates are calculated as follows –
 SA = Average private unit rent for all districts for 1-P x average flat size for 1-P x 12 months
 DA= Average private unit rent for all districts for 2-P x average flat size for 2-P x 12 months

(d) Purchase of Subsidised Sale Flats

10. Under the established practice in current redevelopment projects, apart from the above rehousing arrangement, affected tenants of HA's announced clearance projects who would like to purchase subsidised sale flats (SSFs) in lieu of PRH will be accorded priority in flat selection over other applicants in the subsequent SSFs sale exercise(s) launched before the target clearance date. Subject to the approval of the conversion of PRH development at Wang Chiu Road Phase 1 to Green Form Subsidised Home Ownership Scheme (GSH) project by the SPC and the sales arrangements for the relevant sale exercises by the Subsidised Housing Committee (SHC), affected tenants of CHE phase 1 clearance will be accorded priority to purchase SSFs, including GSH flats of Wang Chiu Road Phase 1 and Phase 2 if they would like to purchase SSFs in lieu of rehousing. As regards affected tenants of CHE phase 2 and 3 upon HA's announcement for clearance, they will be accorded priority in flat selection over other applicants in the subsequent SSF sale exercise(s) launched before the respective target clearance date.

ARRANGEMENTS FOR COMMERCIAL TENANTS

11. Eligible commercial tenants under fixed term tenancies paying market rent will be offered EGA ^{Note 3} equivalent to 15 times of the monthly exclusive rent as specified in the tenancy agreement applicable on the date of formal announcement of clearance. To assist small businesses affected by the redevelopment to continue their business operation, we **propose** that opportunity be given for eligible commercial tenants to participate in restricted tender exercises for leasing vacant shops and shopstalls in HA's existing retail facilities, new commercial premises in the reception estate (i.e. New Mei Tung Estate) as well as the new CHE upon completion of redevelopment, subject to the condition that affected shop and shopstall tenants would only be allowed to bid for shops and shopstalls of similar trades respectively under the restricted tender exercises ^{Note 4}. Subject to views collected from community engagement exercises and the intention of affected tenants, an appropriate number of new commercial premises in New Mei Tung Estate and/or new CHE will be reserved for leasing to eligible commercial tenants through restricted tender. Successful bidders in the restricted tender exercises will be given a three-month rent free period for the new tenancy. If the eligible tenants give up the restricted tender opportunity, they will be granted a LSP ^{Note 5} in lieu.

Note 3 As approved by the Commercial Properties Committee in December 2023 vide Paper No. **CPC 14/2023**.

Note 4 In March 2024, Commercial Properties Committee approved the clearance arrangements for commercial tenants affected by the clearance of Wah Fu Estate (WFE) Phase 1a – Wah On House and Wah Lok House (Paper No. **CPC 2/2024**) under which eligible commercial tenants would be given the opportunity to participate in restricted tender exercises for HA's market shopstalls only, or LSP in lieu. Considering that the policy intention of the clearance arrangements is to assist small businesses affected by the redevelopment to continue their business operation, we **propose** to apply the current restricted tender arrangements for clearance of CHE retrospectively to the clearance of WFE Phase 1a. If eligible commercial tenants of WFE Phase 1a wish to participate in restricted tender exercises for leasing vacant shops and shopstalls in HA's existing retail facilities, new commercial premises in the reception estates of WFE redevelopment or the new WFE upon completion of redevelopment, they may approach the estate office of WFE for necessary assistance.

Note 5 Currently fixed at \$125,000 as approved by the Commercial Properties Committee in December 2023 vide Paper No. **CPC 14/2023**.

12. The granting of EGA and the opportunity to lease alternative premises or the LSP in lieu are primarily intended to assist small commercial operators to continue to earn a livelihood, but not to compensate tenants. Based on this rationale and in line with past practice^{Note 6}, supermarkets and banks being large tenants will not be eligible for EGA and the restricted tender opportunity^{Note 7}. Moreover, in line with the established practice, the provision of EGA arrangement, and the restricted tender opportunity or LSP in lieu is not applicable to welfare lettings and other commercial lettings such as parcel locker, telecommunication installations and storerooms.

13. In line with the current practice for clearance projects, upon formal announcement of the clearance, the following will apply –

- (a) all the existing commercial tenancies will not be renewed after expiry of the present term. Those intend to continue their business operation would be granted a monthly licence until two months before the target clearance date; and
- (b) the existing rents of all the commercial premises will be frozen, and their rents/licence fees will be reviewed at a six-month interval, however, in line with previous practice, the rent of the welfare tenancy will not be frozen and will be subject to rent review in the usual manner.

COMMUNITY SERVICE TEAM (CST)

14. There are about 1 970 households in the affected blocks (i.e. Pik Hoi House, Kam Pik House and Tan Fung House), among which about 590 are elderly ones (i.e. all family members are over the age of 60). In line with previous clearance projects, we propose to establish a CST on site to provide help to the affected residents. Experience in the past clearance projects indicates that the professional service of CST can help alleviate anxieties and adjustment problems of the affected households and is welcomed by the local community.

Note 6 EGA was not granted to large tenants such as supermarkets and banks affected by redevelopment/clearance under the Comprehensive Redevelopment Programme (Paper No. **CPC 58/1999** refers).

Note 7 A supermarket and an Automatic Teller Machine in Kam Pik House will be excluded from the provision of EGA and the restricted tender opportunity or the LSP in lieu in this clearance exercise, making the number of eligible commercial tenants 46 in total.

15. As in the past clearance exercises, the CST service will be tendered to a non-governmental organisation. The team, headed by a social worker, will offer services to affected households-in-need especially the elderlies, by assisting them in various matters relating to vacation of their existing flats and adaptation to their new living environment. The service team will coordinate with volunteers in providing assistance and liaise with local organisations for arranging social/recreational functions and community programmes for the affected households etc. It will also help maintain effective communication between HA and the affected households, explaining to the latter the detailed rehousing arrangements and addressing their questions.

STAFF IMPLICATION

16. The manpower required for setting up the on-site Rehousing Team to take up the clearance will be met through internal staff redeployment and no additional posts will be created.

FINANCIAL IMPLICATIONS

17. On the assumption that all the commercial tenants will give up restricted tender opportunity and opt for lump sum payment, the total expenditure on various allowances (i.e. DRA, SA/DA, EGA) for domestic and commercial tenants is estimated at \$52.1M. The estimated expenditure required for 2025/26 is \$7.1M. For requirement from 2025/26 and onwards, funding will be sought in relevant budget cycles.

18. The procurement of the CST is subject to tender and the estimated cost for engaging CST is \$6.6M. The estimated expenditure required for 2025/26 is \$1.4M. For requirement from 2025/26 and onwards, funding will be sought in relevant budget cycles.

PUBLIC REACTION AND PUBLICITY

19. Wong Tai Sin District Council (WTSDC) has been requesting for early redevelopment of CHE over the past years. We consulted WTSDC on the phased clearance and rehousing arrangements on 5 November 2024. It is expected that majority of the affected domestic tenants of Pik Hoi House, Kam Pik House and Tan Fung House would welcome the proposed rehousing and associated arrangements.

20. A press release to announce the clearance and the rehousing and associated arrangements will be issued after the joint Commercial Properties Committee (CPC) and SHC meeting. Staff from the on-site Redevelopment Team, Estate Management Office and the CST will explain the details of the rehousing arrangement to the affected tenants and provide assistance to them as necessary.

21. Similar to previous announced clearance of Wah Fu Estate Phase 1a, the clearance of the three blocks in CHE may invite demands for redevelopment of other PRH estates, especially those built earlier. We will explain that HA considers redevelopment of individual estates with reference to four basic principles, viz. structural condition of the buildings, cost effectiveness of repair works, availability of suitable rehousing resources in the vicinity of the estates to be redeveloped, and build back potential upon redevelopment. HA will continue to consider redevelopment on an estate-by-estate basis in accordance with its policy and criteria.

DECLASSIFICATION

22. We recommend that this paper be declassified upon Members' approval of the recommendations in paragraph 2 above. The paper will be made available to the public at the HA website, the Department's Library and through the Departmental Access to Information Officer if it is declassified.

DISCUSSION

23. At the joint meeting of the CPC and SHC to be held on 6 December 2024, Members will be invited to approve the recommendations in **paragraph 2** above.

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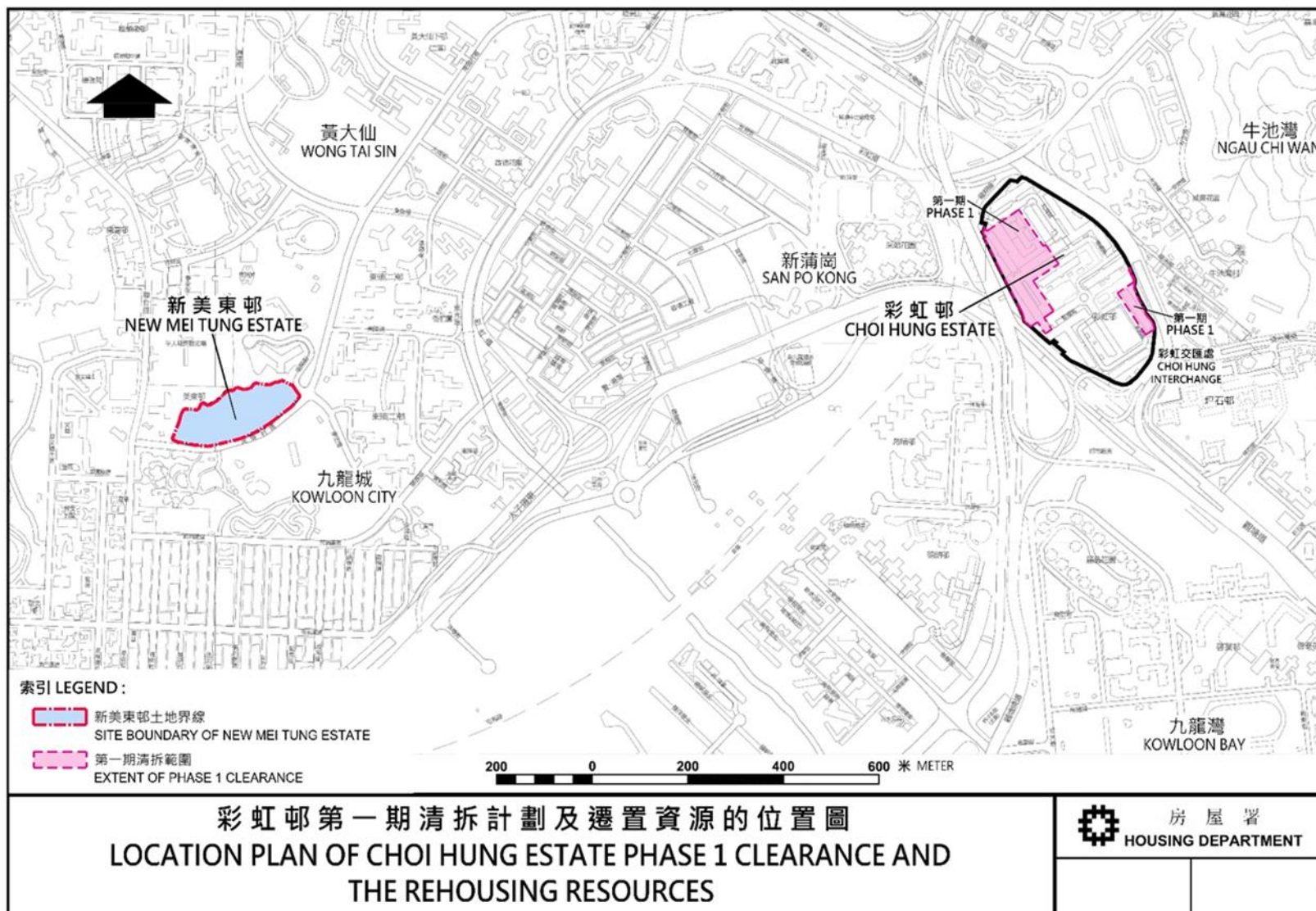
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c.c. Members of the Finance Committee

List of Annexes

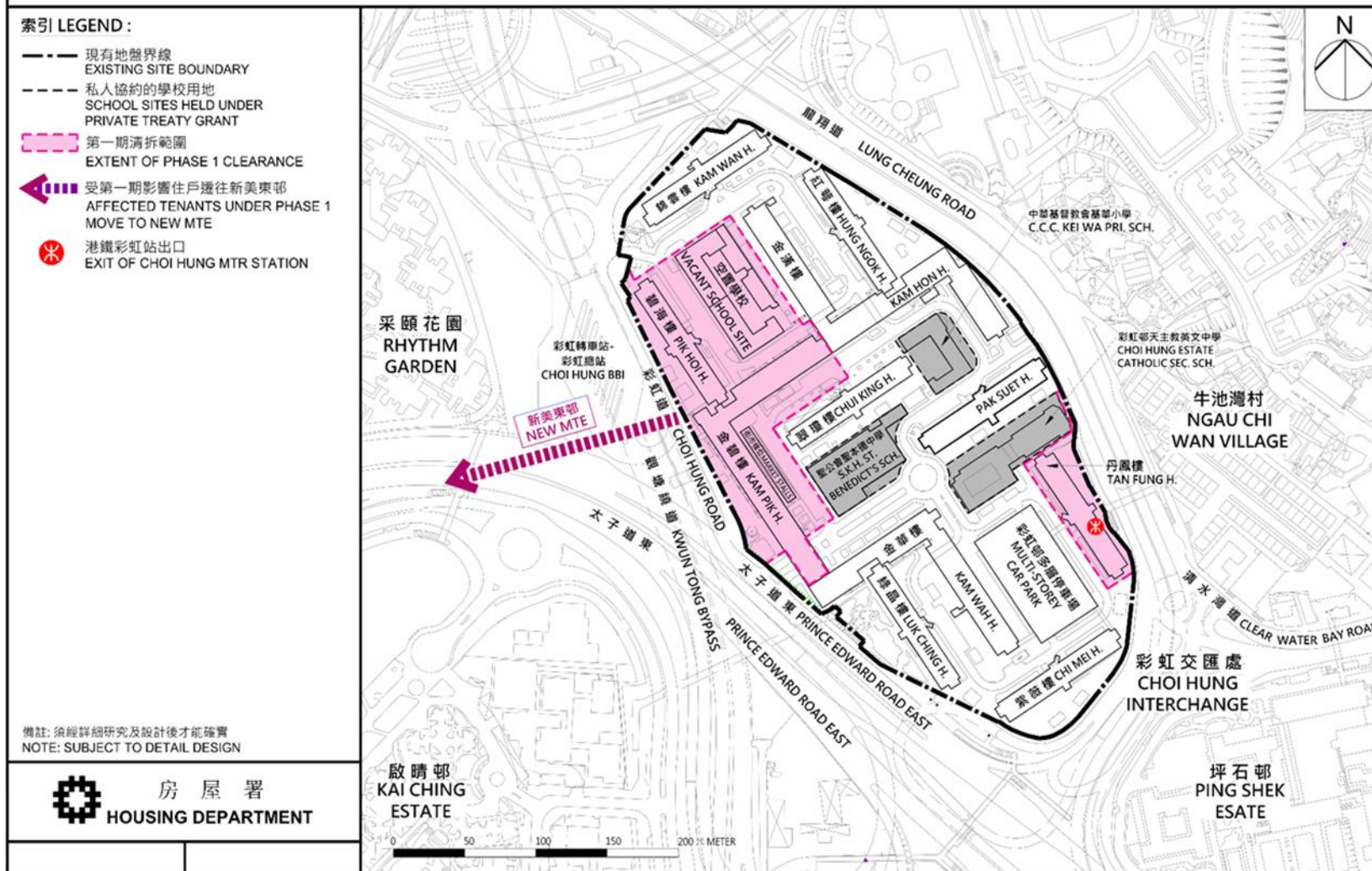
- Annex I Location Plan of Choi Hung Estate Phase 1 Clearance and the Rehousing Resources**
- Annex II Choi Hung Estate Phase 1 Clearance Boundary Plan**
- Annex III Calculation of the Proposed Singleton/Doubleton Allowance**

Location Plan of Choi Hung Estate Phase 1 Clearance and the Rehousing Resources



Choi Hung Estate Phase 1 Clearance Boundary Plan

彩虹邨第一期清拆界線圖 CHOI HUNG ESTATE PHASE 1 CLEARANCE BOUNDARY PLAN



Calculation of the Proposed Singleton/Doubleton Allowance

Household size	Average allocation area ^{Note(1)} (A)	Average rent for private units ^{Note(2)} (B)	Proposed rates ^{Note(3)} =(A) x (B) x 12
	(m ² , IFA)	(\$/m ² , IFA)	\$
1	16.02	410	78,820
2	21.75	368	96,050

Notes

- (1) “Average Allocation Area” refers to the average flat size of existing HA’s housing stock of 1-P and 2-P flats of 1997 Harmony and later block types as at 30 June 2024.
- (2) “Average rent for private units” refers to the average private unit rent for the household size concerned in all districts based on the statistics of the Rent Survey of the Census and Statistics Department for the 2nd quarter of 2024.
- (3) Proposed rates for the SA/DA are calculated as one year’s rent for a household to rent a private flat of comparable size to PRH. Recipients of SA/DA will be debarred from further payment of the allowance and any further form of subsidised housing for two years from the collection date of SA/DA. The amount is rounded to the nearest \$10.