

Legislative Council Panel on Housing

Disposal of Kingsford Terrace Private Sector Participation Scheme Flats

Purpose

This paper informs Members of the present position of the Kingsford Terrace Private Sector Participation Scheme (PSPS) project.

Background

2. Kingsford Terrace, comprising a total of 2 010 flats, 337 car parking spaces and a shopping area of 1 880 m², is the last unsold PSPS project. The total saleable floor area of the flats is about 100 058 m². Under the Conditions of Sale, the Housing Authority (HA) is to nominate eligible purchasers to purchase the flats from the developer within 20 months from the date of the issue of a Consent to Sell, failing which, the HA is obliged to purchase the flats at the guaranteed purchase price within 28 days upon notice being given by the developer. The guaranteed purchase price for all the flats is about \$1,441 million (calculated on the basis of \$14,400 per m² of saleable area). The Consent to Sell was issued on 10 October 2002.

3. At the Joint Meeting of the Legislative Council Panel on Housing and Panel on Planning, Lands and Works on 8 March 2004, Members were briefed on possible disposal arrangements for the Kingsford Terrace PSPS project. The issue was further discussed at the HA's Subsidized Housing Committee meeting held on 11 March 2004, during which the Committee agreed that the best way forward is to commence negotiation with the developer to allow the latter to dispose of the flats in the open market subject to payment of a lease modification premium. At the same time, a Monitoring Group (MG) comprising four HA members was agreed to be established to oversee the negotiation.

Present Position

4. The Government commenced negotiation through mediation with the developer in May 2004. However, the Government could not come to terms with the developer on lease modification premium, and despite further efforts and dialogues, agreement was not reached eventually. The outcome is that the parties remain bound by contractual obligations as enshrined in the original Conditions of Sale.

Purchase of the Development

5. In order to comply with the terms of the Conditions of Sale, the HA's Subsidised Housing Committee decided on 19 May 2004 to purchase all the 2 010 residential units of Kingsford Terrace from the developer at the guaranteed purchase price of \$1,440,835,200 accordingly.

6. On 15 June 2004, the developer served the prescribed notice requiring the HA to purchase all the 2 010 flats in accordance with the Conditions of Sale.

7. As regards the non-domestic portion of the Kingsford Terrace, the HA agreed to further negotiate with the developer through mediation on the possibility of purchasing it at a reasonable price to facilitate the future disposal. So far the negotiation has not been successful but the parties have agreed to leave the door open to explore further options to resolve the issue.

Conclusion

8. The HA has closely monitored the negotiation with the developer and decided to purchase the 2 010 residential units of Kingsford Terrace in accordance with the terms of the Conditions of Sale. Thereafter, the HA will consider future disposal options of these flats. The Administration would welcome suggestions from Members on the matter.

Housing, Planning and Lands Bureau
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