

Problems Arising From the Cessation of Production and Sale of HOS Flats

8. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the cessation of the production and sale of Home Ownership Scheme (HOS) flats, will the Government inform this Council:*

- (a) *whether there are any HOS sites that are left unattended after construction works have commenced due to the authorities' decision to cease the production of HOS flats; if so, of the number of sites involved and the remedies to be made by the authorities;*
- (b) *whether due to the change in HOS policy, the authorities have failed to fulfil their contractual obligation of providing the lists of eligible HOS applicants to developers of the Private Sector Participation Scheme (PSPS) within 20 months after consent notices for pre-sale of uncompleted flats and Letters of Satisfaction have been granted; if so, of the respective numbers of such cases and the flats involved and, among them, the respective numbers of those cases brought to the Court by the developers and the flats involved; and*
- (c) *whether the authorities have assessed the aforesaid situations before deciding to cease the production and sale of HOS flats; if so, of the assessment results; if not, the reasons for that?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese):

Madam President, my reply to the three-part question is as follows:

- (a) In November 2002, in view of the conditions of the property market, the Government and the Housing Authority (HA) decided to cease the production and sale of flats under the HOS. Notwithstanding, construction activities at HOS sites where building works had already commenced have continued as scheduled. For two sites at Valley Road and Hung Hom where piling works had been completed and building works have not yet commenced, the HA has decided to return them to the Government for consideration of alternative uses.

- (b) Subsequent to the termination of PSPS, only flats in two remaining projects require disposal, namely, Hunghom Peninsula in Hung Hom with 2 470 flats and Kingsford Terrace in Ngau Chi Wan with 2 010 flats. In both projects, the 20-month contract period, commencing from the date of pre-sale consent, for the HA to nominate prospective buyers for the flats has not yet expired. The developer of Hunghom Peninsula has filed a writ with the Court on the ground that change of the HOS policy has affected the sale arrangements for the project.
- (c) In view of increasing overlap between the HOS and private residential market amidst a gross imbalance between supply and demand, the Government and the HA decided to cease the production and sale of HOS flats. The aim is to facilitate the property market to gradually restore its balance, which in turn will help the economy and benefit the community as a whole. Before reaching the decision, the Government had thoroughly assessed possible impacts on ongoing HOS projects and unsold PSPS developments. For the two HOS sites where piling works had just been completed, the HA has executed the piling contracts. Tendering for building works has not yet started. Hence there should not be contractual disputes. As regards the two remaining PSPS projects mentioned above, the Government has commenced negotiations with the developers concerned with a view to modifying the lease to enable the latter to dispose of the flats.

~~Projects Under "Head 710-Computerisation" of the Capital Works Reserve Fund~~

9. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the total number of projects approved under "Head 710-Computerisation" of the Capital Works Reserve Fund since the financial year 1999-2000 to the present; and the respective numbers of projects commenced in each financial year; and*