

Legislative Council Panel on Housing

Proposed Use of Surplus Home Ownership Scheme Flats for Reprovisioning Departmental Quarters for the Disciplined Services

Purpose

This paper updates Members on the latest position of the proposal to use some of the surplus Home Ownership Scheme (HOS) flats for reprovisioning old or substandard departmental quarters for the disciplined services, and seeks Members' endorsement of the proposal for submission to the Public Works Sub-committee on 23 June and the Finance Committee on 2 July for funding approval.

Background

2. As a result of cessation of the HOS to stabilise the property market, some 10 000 surplus HOS flats need to be put to alternative market-friendly uses. We consulted Members in March and November 2003 on various proposed disposal options. Members were supportive of the proposed conversion of some surplus HOS flats for reprovisioning existing departmental quarters for the disciplined services and urged the Administration to take the matter forward expeditiously. Our finalized proposal is set out in the following paragraphs.

The proposal

3. After consultation with the Security Bureau and the Government Property Agency, a total of 15 existing old or substandard departmental quarters sites comprising 4 478 flats have been identified for reprovisioning through conversion of 4 304 surplus HOS flats in four developments. Details of these departmental quarters sites and surplus HOS flats are at Annex A. The layout plans of the four HOS developments concerned are at Annex B.

Annex A
Annex B

4. Under the proposal, a total of 4 293 flats for the disciplined services will be reprovisioned on a one-to-one basis. The remaining 185 flats held by other non-disciplined services departments for operational reason only require three replacement units in Tai Po. They will be dealt with separately by the Government Property Agency and is outside this reprovisioning exercise. To meet the reprovisioning requirement of 4 293 flats, four HOS developments comprising 4 304 surplus HOS flats have been identified as suitable for the purpose. The balance of 11 HOS flats will facilitate the deleasing of the same number of leased-in private flats used as departmental quarters for the disciplined services in order to reduce rental expenditure. 538 carparking spaces are also included in the proposed purchase. These spaces are originally planned and developed for use of the HOS developments. In any event, most of the 15 existing departmental quarters sites are provided with carparking facilities. Acquisition of the 538 carparking spaces will help meet the normal standard adopted by recently completed departmental quarters sites for the disciplined services.

5. The proposed reprovisioning arrangement will make beneficial use of otherwise idling surplus HOS flats. The original sites for departmental quarters can then be released for alternative uses such as sale for private residential development. The Security Bureau has carried out preliminary consultation with the disciplined services staff associations with favourable feedback.

Financial Implications

6. We estimate the total cost of the acquisition and reprovisioning proposal to be around \$3,000 million, made up as follows:

	\$ million
(a) Purchase of 4 304 surplus HOS flats and 538 ancillary carparking spaces	2,750
(b) Associated demolition and fitting-out expenses	250
Total	3,000

The cost estimates are being fine-tuned. The finalized estimates, with breakdown by cost items, will be set out in detail in the submissions to the Public Works Sub-committee and the Finance Committee.

7. The proposed purchase price of \$2,750 million represents the full development cost of the 4 304 HOS flats and 538 ancillary carparking spaces, comprising the actual and estimated construction and project supervision expenses incurred by the Housing Authority and subject to the finalization of the project accounts. Having regard to the Government's commitment to restore its fiscal balance by 2008-09 and the Housing Authority's cashflow position from now till 2007-08, the Government will pay the purchase price of \$2,750 million to the Housing Authority in 10 annual instalments: \$150 million per year in the first five years from 2004 to 2008 and then \$400 million per year in the following five years from 2009 to 2013.

8. Under the proposal, funding in the region of about \$250 million will also be required for the demolition of the existing departmental quarters so as to vacate the sites for alternative uses, and to fit out the HOS flats and provide them with furniture and equipment to bring the accommodation in line with the normal standards for departmental quarters.

9. Apart from the above, the Government will set aside from the General Revenue Account \$24 million for payment of a one-off removal allowance to the staff concerned for moving from their existing quarters to another in accordance with the Civil Service Regulations and some \$64 million for the additional management and maintenance costs incurred to both existing departmental quarters and the HOS flats during the decantation period. We will work out the cashflow requirements of the removal allowance and the management and maintenance costs in 2004-05 and seek supplementary provision from the relevant heads of expenditure as appropriate.

10. Once vacated, the existing departmental quarters sites will become available for alternative uses such as sale for private residential development. The broad-brush estimated land value of the 15 departmental quarters sites was assessed in March 2004 at about \$6,320 million on the basis of various assumptions including cleared sites, planning consent and sale for residential development. However, it should be noted that the receipt of such sales revenue is dependent upon factors such as the final decision on the land use of these sites and the operation of land sales through the Application List system which is market-driven and not possible to control and predict.

11. On the recurrent side, the 4 304 HOS flats will require management and maintenance at a cost of \$42.6 million per annum. Such cost can be offset fully by the cost savings of \$43.2 million in managing and maintaining the 15 existing departmental quarters sites.

Environmental Implications

12. The proposed purchase of HOS flats from the Housing Authority in itself does not have environmental implication. Upon acquisition of these flats, we will carry out necessary fitting-out works to convert the flats to departmental quarters. These works are small in scale and will have little significant or long-term environmental impacts.

13. To ameliorate the short-term environmental impacts arising from fitting-out works and demolition, we have included in the project estimate the cost of implementing suitable mitigation measures to control such impacts, including the use of silencers, mufflers, acoustic lining or shields for noisy construction and demolition activities, frequent cleaning and watering of the sites, and the provision of wheel-washing facilities. We will use suitable excavated materials for filling within the site to minimize off-site disposal. We will require the contractor to submit a waste management plan for approval. The waste management plan will include appropriate mitigation measures to avoid, reduce, reuse and recycle construction and demolition (C&D) materials. We will ensure that the day-to-day operations on site comply with the approved waste management plan including sequential demolition to facilitate recovering as much as possible reusable and recyclable materials. We will require the contractor to separate public fill from C&D waste for disposal at appropriate facilities. We will control the disposal of public fill and C&D waste to designated public filling facilities, recycling facilities and landfills respectively through a trip-ticket system. We will record the disposal, reuse and recycling of C&D materials for monitoring purposes. In addition, we will require the contractor to use metal site hoardings and signboards so that these materials can be recycled or reused in other projects.

14. We estimate that about 245 000 cubic metres (m³) of C&D materials will be generated by the project. Of these, about 5 000m³ (2.0%) will be reused on site, 83 000m³ (33.9%) will be recycled, 145 000m³ (59.2%) will be reused as fill in public filling areas¹ and 12 000m³ (4.9%) will be disposed of at landfills. The notional cost of accommodating C&D waste at landfill sites is estimated to be \$1.5 million for this project (based on a notional unit cost² of \$125/m³).

Land acquisition

15. The project does not require land acquisition.

Way forward

16. Subject to Members' support, we will consult the Public Works Sub-committee on 23 June and seek the Finance Committee's approval on 2 July for provision of funding in the region of about \$3,000 million for the purchase of surplus HOS flats from the Housing Authority for reprovisioning purpose. Subject to Finance Committee's funding approval, further staff consultation will also be carried out on the implementation details, such as the method of allocation of the new departmental quarters, and the timing of final moves from the old or substandard departmental quarters sites.

17. With the sale of 4 304 flats to the Government for use as departmental quarters, there remain 5 960 surplus HOS flats in unsold developments. Of these, the Housing Authority approved on 19 May 2004 to transfer 2 920 flats to public rental housing. The remaining 3 040 flats are under consideration of the feasibility of guesthouse use. The current position in relation to the disposal of surplus HOS flats is set out at Annex C.

Annex C

¹ A public filling area is a designated part of a development project that accepts public fill for reclamation purposes. Disposal of public fill in a public filling area requires a licence issued by the Director of Civil Engineering.

² This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90/m³), nor the cost to provide new landfills (which are likely to be more expensive) when the existing ones are filled. The notional cost estimate is for reference only and does not form part of this project estimate.

Advice sought

18. Members are invited to endorse the above proposal.

Housing, Planning and Lands Bureau
June 2004

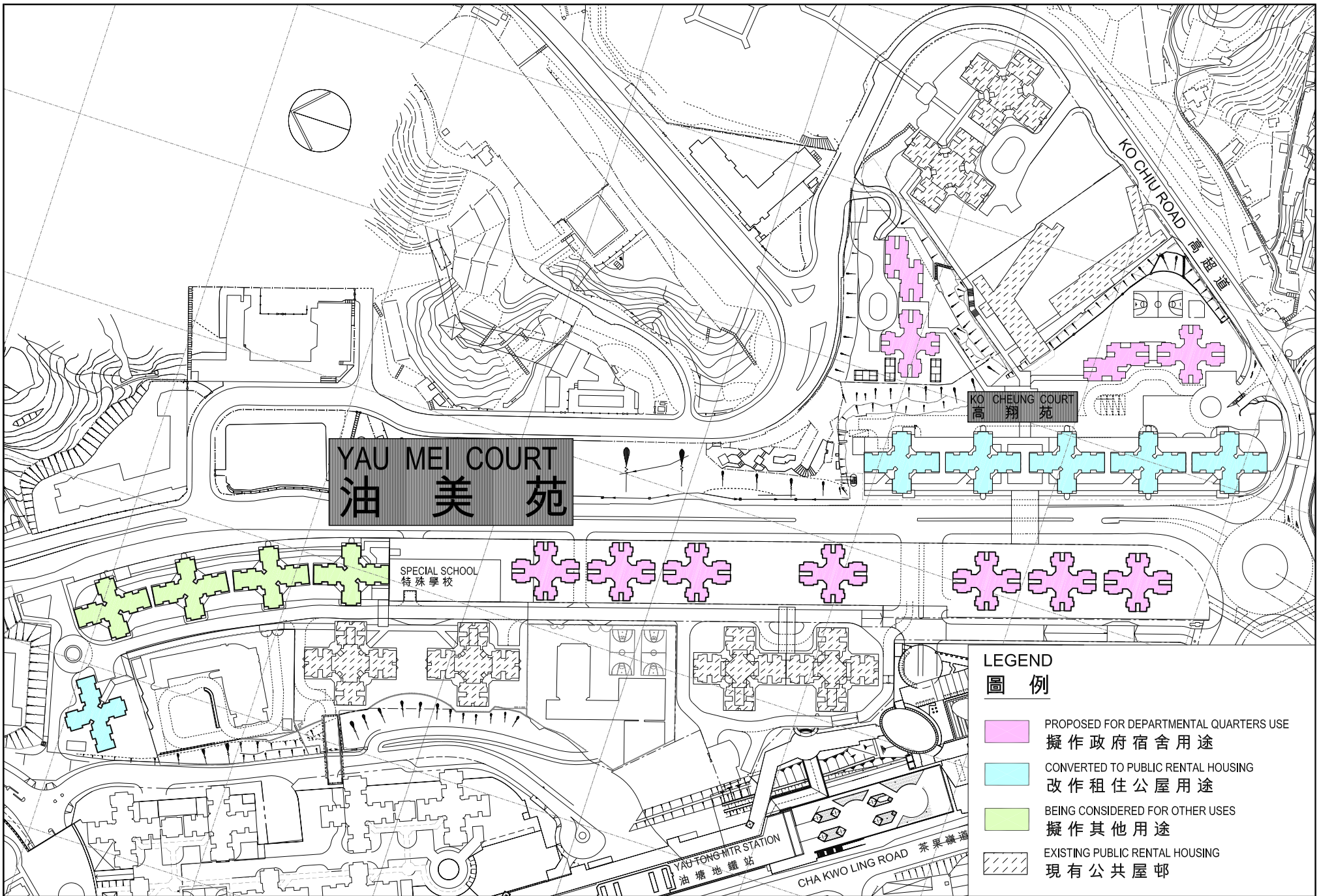
**Sites and Projects Identified for
Proposed Reprovisioning of Old or Substandard Departmental Quarters
with Surplus Home Ownership Scheme Flats**

A. Old or substandard departmental quarters identified for reprovisioning

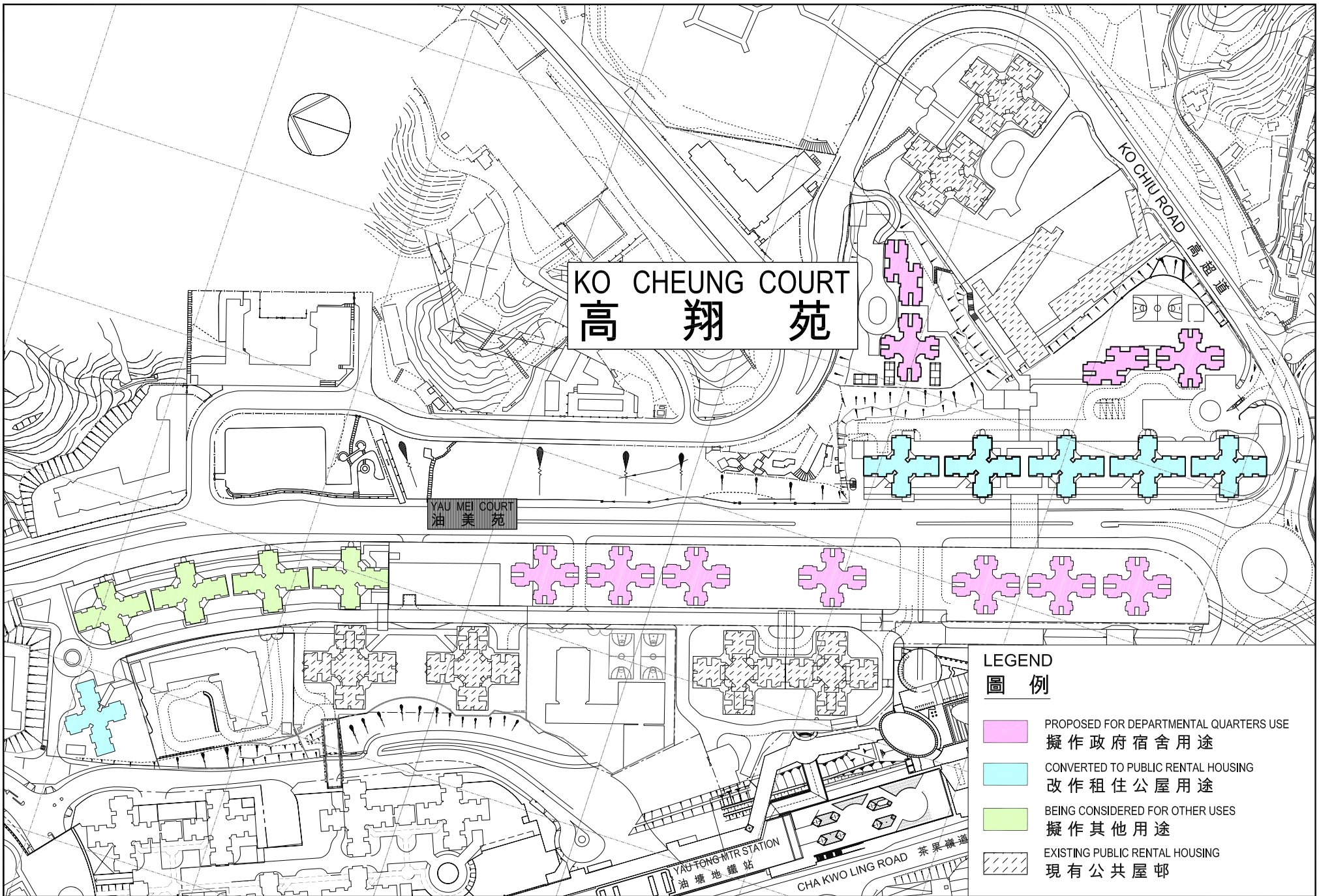
Departmental Quarters		Year Built	No. of Flats		
			Disciplined Services	Non-disciplined Services	
Hong Kong Island	Tanner Road Police Married Quarters	1963	669	Nil	
	Wanchai Police Married Quarters	1956	40		
	Western Police Station Married Quarters	1955	104		
Kowloon	Fat Kwong Street Fire Services Married Quarters	1963	69		
	Homantin Police Married Quarters	1979	470		
	Hung Hom Ko Shan Road Custom & Excise Married Quarters	1972	229		
	Hung Hom Custom & Excise Married Quarters, Nos. 5-23 Lee Kung Street	1960	60		
New Territories	Kwai Chung Police Married Quarters	1978	819		
	Sha Tin Fire Services Rank & File Quarters	1979	600		
	Sha Tin Police Married Quarters	1979	380		
	Tsuen Wan Fire Services Rank & File Married Quarters	1979	380		
	Tai Lam Chung Police Married Quarters	1965	63		
	Tuen Mun Fire Services Quarters	1989	160		
	Au Tau Departmental Quarters	1968	205		139
	Tai Po Junior Departmental Quarters	1960	45		46
Total no. of flats in 15 departmental quarters sites:			4 293	185	
Total reprovisioning requirement:			4 293	0	

B. Surplus Home Ownership Scheme flats identified for conversion to departmental quarters for reprovisioning purpose

Home Ownership Scheme Developments		No. of Flats	No. of Carparking Spaces	Development Cost (\$ million)
Kowloon	Yau Mei Court	1 992	249	1,223
	Ko Cheung Court	1 000	125	754
New Territories	Kwai Chung Phase 7	800	100	374
	Kwai Yung Court	512	64	399
Total :		4 304	538	2,750

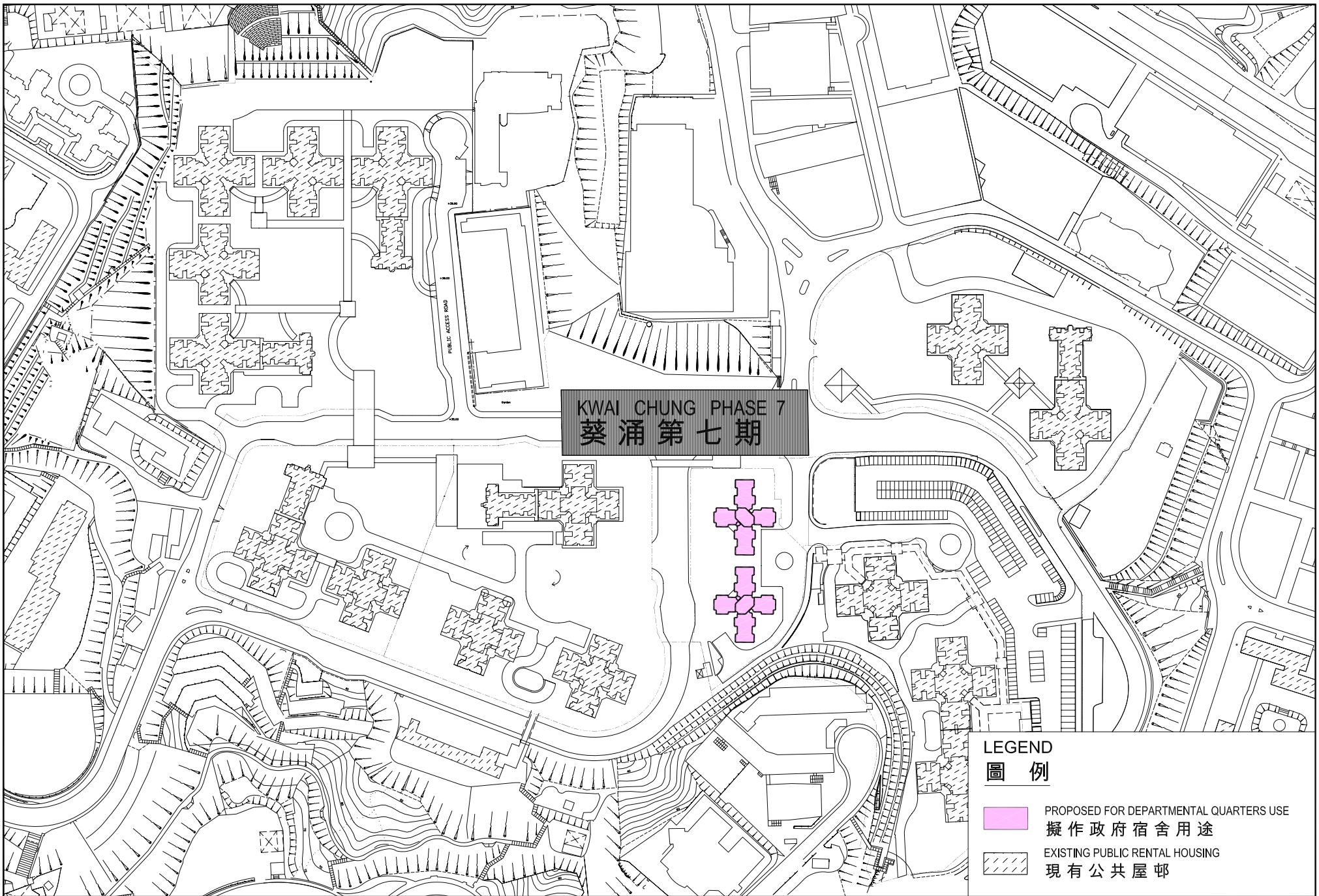


LOCATION OF YAU MEI COURT
油美苑位置圖

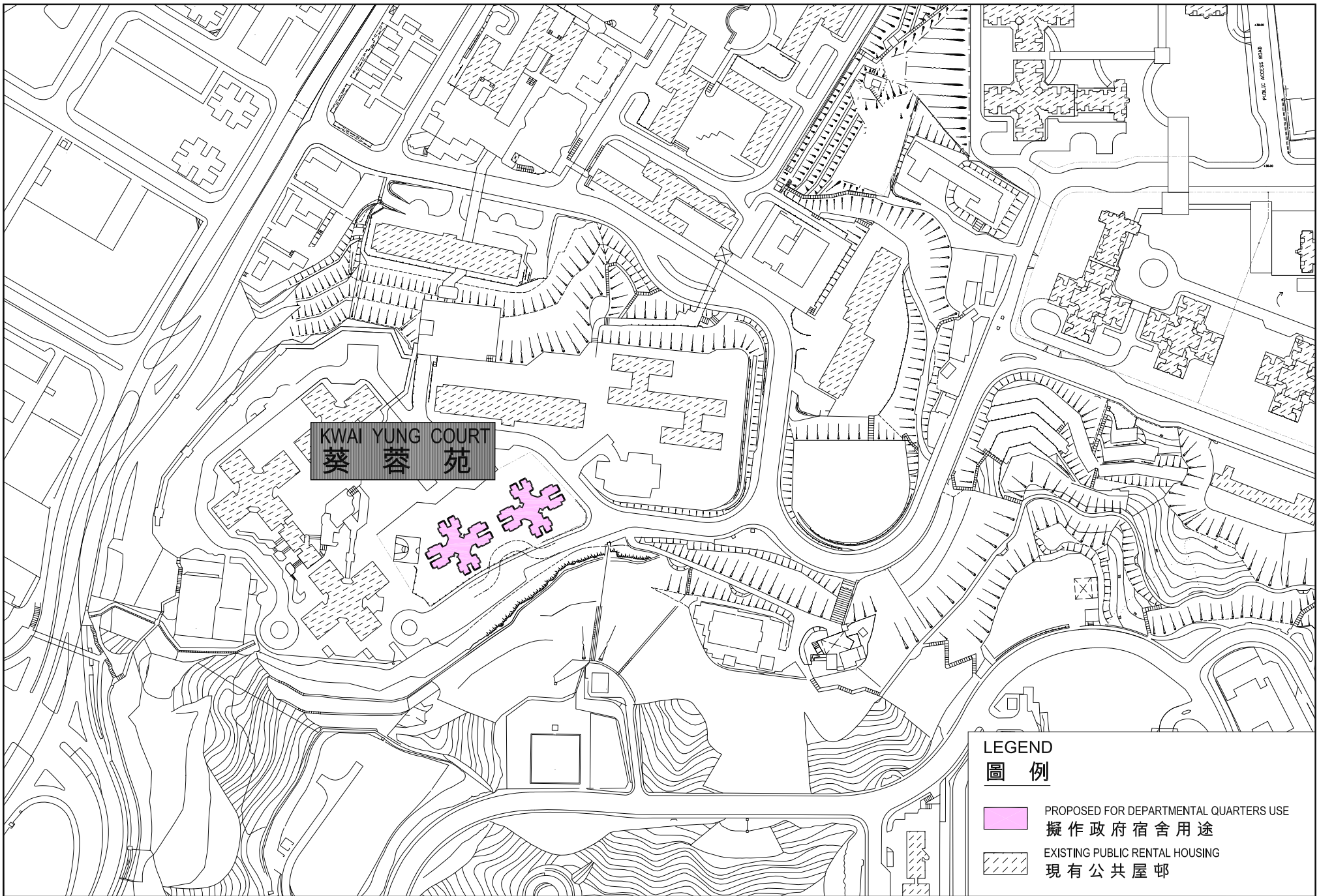


LOCATION OF KO CHEUNG COURT
高翔苑位置圖

LEGEND 圖例	
	PROPOSED FOR DEPARTMENTAL QUARTERS USE 擬作政府宿舍用途
	CONVERTED TO PUBLIC RENTAL HOUSING 改作租住公屋用途
	BEING CONSIDERED FOR OTHER USES 擬作其他用途
	EXISTING PUBLIC RENTAL HOUSING 現有公共屋邨



LOCATION OF KWAI CHUNG PHASE 7
葵涌第七期位置圖



LOCATION OF KWAI YUNG COURT
葵蓉苑位置圖

Annex C**Uses of surplus flats in unsold Home Ownership Scheme developments**

Surplus HOS Courts	Number of Flats	Uses		
		Government Quarters	Public Rental Housing	Guesthouses
Ko Cheung Court (Yau Tong)	2 800	1 000	1 800	
Yau Mei Court (Yau Tong)	3 872	1 992	400	1 480
Lam Tin Phase 6	720		720	
Tung Tao Court (Aldrich Bay)	1 216			1 216
Kwai Chung Phase 7	800	800		
Kwai Yung Court (Kwai Chung)	512	512		
King Hin Court (Ngau Chi Wan)	344			344
Total	10 264	4 304	2 920	3 040