

HB 9/2/1/92

2509 0304

2509 9988

30 May, 2000

Clerk to Legislative Council Panel on Housing  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

(Attn.: Mrs. Mary TANG)

Dear Mrs. TANG,

**LegCo Panel on Housing**  
**Motion passed at the Meeting on 4 May 2000**

Thank you for your letter dated 5 May 2000 on the motion passed by the LegCo Panel on Housing on site settlement in housing estates in Tseung Kwan O (TKO). Our response to parts (a) and (b) of the motion is set out below. We have responded to parts (c) and (d).

**Structural guarantee and Defects Liability Period (part (a) of the motion)**

The Panel has urged the Administration to provide a 20-year structural guarantee for Home Ownership Scheme (HOS)/Private Sector Participation Scheme (PSPS) development in TKO and to extend the Defects Liability Period of these developments to ten years.

The Housing Authority has decided to offer a structural guarantee of ten years for all its new and existing HOS and PSPS developments as a proof of its confidence in structural soundness and commitment to quality assurance. This guarantee is considered adequate since most of the latent defects in structural works would have manifested themselves within ten years. (A 20-year structural guarantee has been approved on an exceptional basis for all new and existing HOS and PSPS developments in Tin Shiu Wai just because of the piling problems and complex geological conditions thereat.) In addition, the Housing Authority has endorsed an extension of the Defects Liability Period for all its new projects from one year to two years.

The Government is investigating into the causes of the unusual ground settlement in TKO and will take appropriate actions as necessary. So far there has been no indication that the problem is due to any factor within the Housing Authority's control.

**Extension of buy-back period (part (b) of the motion)**

The Panel has also urged the Administration to extend the buy-back period for HOS/PSPS developments in TKO from the existing two years to three years.

The two-year buy-back provision is part of the resale restrictions imposed under the Housing Ordinance on HOS/PSPS flat owners to curb speculation. It is not a price guarantee for owners or a buy-back obligation of the Housing Authority. During the two-year period, owners who wish to sell their flats must first offer to the Housing Authority sale at original purchase prices. When the Housing Authority declines the offer, owners may sell their flats in the open market after payment of a premium.

Previously, the buy-back period lasted for three years. It was shortened to two years as a result of amendments to the Schedule to the Housing Ordinance introduced in mid 1999. This was meant to be a relaxation of the resale restrictions to increase the turnover of HOS/PSPS flats, thereby helping to meet the demand for subsidised home ownership and to free public rental flats for reallocation to people in genuine need. The amendments were enacted after full public consultation, including with the LegCo Panel on Housing.

Yours faithfully,

(Stephen CHEUNG)  
for Secretary for Housing

cc: Director of Housing  
(Attn.: Mr. K.H. LAU) – 2715 8871

Internal  
PAS(PM)