

LegCo Panel on Housing
LegCo Panel on Planning, Lands and Works

Joint Meeting on 6 December 1999

Submissions from the Owners' Committee of Beverly Garden
Questions Addressed to Housing Authority

Q1. What are the roles of Housing Authority (HA) and Housing Department (HD) in Beverly Garden ?

A1. Beverly Garden is a Private Sector Participation Scheme (PSPS) project developed by Talent Luck Limited (a wholly-owned subsidiary of Chevalier International Holdings Limited). Under the PSPS, the developer obtains the land through open tender from the Government and is responsible for the design, construction and subsequent management of the project. According to the Conditions of Sale, HA is responsible for nominating eligible applicants to purchase the flats from the developer, at a price determined by HA. And HD acts as the executive arm of HA. As a private development, the developer is free to sell or let the commercial properties in a PSPS project. However, the alienation of private carparking spaces is restricted to owners of the PSPS flats.

Q2. How much does the Housing Authority derive from the flat sales of Beverly Garden?

A2. The Housing Authority has received some HK\$3,000 million from the flat sales of Beverly Garden.

Q3. To request Housing Authority to take up the repair and maintenance responsibility for Beverly Garden if the developer does not fulfill its obligations.

A3. Beverly Garden is developed under the PSPS. As in the case of other private developments, a PSPS developer, being the registered owner of the land, is responsible for the design, construction and subsequent management and maintenance of the project built on the land. The role of HA is to nominate flat purchasers to the developer

and to provide mortgage default guarantee to banking institutions. HA is not responsible for taking up the developer's repair and maintenance liabilities.

Q4. To request the developer to extend the Defects Liability Period (DLP) for six months as many building defects have not been rectified or detected.

A4. According to the developer, all the defects reported during the DLP are being followed up by the developer despite that the DLP has expired since September 1999.

As stipulated in the Conditions of Sale for Beverly Garden, the developer has the liability for scheduled defects for a period of five years upon expiry of the one-year DLP.

Q5. To withhold the retention sum unless with the consent of the Owners' Committee of Beverly Garden.

A5. The Housing Department has yet to release the retention sum to the developer. In accordance with the Conditions of Sale, the developer has to fulfill their repair and maintenance obligations, to the satisfaction of concerned parties including the Authorized Person and the Monitoring Surveyor, prior to the release of the retention sum.

Q6. Under normal circumstances, the DLP for structural defects and latent defects will last for five to ten years. As the Government has admitted the unusual settlement, the Housing Authority should undertake the repairs due to the existing unusual circumstances and extend the DLP up to the satisfaction of the parties concerned.

A6. The HA does not have the liability for the developer's repair and maintenance obligations under the Conditions of Sale. However, HA will liaise with the owners, developer, management company and other parties concerned with a view to resolving the problems.

Q7. To request for maintaining the status quo in relation to the buyback/resale of flats under the Schedule to the Housing Ordinance.

All along the HA has reserved the right **not** to buy back flats offered by HOS/PSPS owners. It is stated clearly in all HOS/PSPS assignments that they are subject to the terms, covenants and conditions contained in the Schedule to the Housing Ordinance and **any amendments thereto**. This is also stated clearly in the application forms for HOS/PSPS and sections 1(a)(ii) and 4(b)(i) of the Schedule to the Housing Ordinance. Hence, the new buy-back conditions are applicable to all HOS and PSPS sale and purchase agreements and assignments, whether concluded before or after the legislative amendments to the Schedule to the Housing Ordinance made in June 1999.

Generally, HOS/PSPS flat owners cannot apply for further subsidized housing benefits after disposal of their flats.

Q8. Did Housing Authority know the unusual settlement phenomenon in August 1998 ?

A8. HA did not know the unusual settlement phenomenon in August 1998.

Housing Department
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