

Legislative Council Panel on Housing
Supplementary Information

Purpose

The Legislative Council Panel on Housing discussed at its meeting on 28 April regarding Accelerating the Sale of Unsold Tenants Purchase Scheme (TPS) Flats and passed a motion at its meeting on 4 May 2020. This paper responds to the motion.

Motion passed¹

“This Panel requests that the Hong Kong Housing Authority (“HA”) should, prior to accelerating the sale of unsold Tenants Purchase Scheme (“TPS”) flats, properly address the existing problems involving the repair and management of TPS estates by, inter alia, considering the provision of additional repair works subsidies to TPS estates and comprehensively refurbishing the flats to be recovered for sale again, and should, at the same time, explore the possibility of recovering some of the poorly maintained cultural/recreational facilities and slopes in TPS estates for management by the Government. Besides, HA should also, before completing the sale of TPS flats, assume and strengthen its role in the management of TPS estates, as well as actively resolve the conflicts between owners and HA’s tenants.”

The Administration’s response

2. Currently, co-existence of flat owners and the Hong Kong Housing Authority (HA) as the landlord of public rental housing (PRH) tenants in TPS estates has given rise to a number of estate management and maintenance issues. For one thing, it is difficult to fully implement HA’s estate management policies in TPS estates, rendering to some extent different management requirements for PRH tenants living in TPS estates and those in non-TPS estates²; besides, maintenance works (e.g. ceiling seepage, pipe leakage, etc.) which involve both sold flats and rental flats simultaneously in TPS estates may not be as effectively and efficiently carried out as in PRH estates. Furthermore, that HA usually owns substantially more ownership shares in TPS estates than individual owners amongst the attendees at Owners’ meetings, and given that HA is a public body, will also result in different expectations among different owners/tenants regarding HA’s role.

¹ LC Paper No. CB(1)584/19-20(01)

² At present, HA can only regulate misdeeds committed by TPS tenants within the flats, while misdeeds committed in common areas (e.g. littering, burning wax, etc.) cannot be regulated by the Marking Scheme for Estate Management Enforcement as these areas fall under the management of the Owners’ Corporations.

3. In fact, as the owners of the unsold flats in TPS estates, HA has been duly fulfilling its basic responsibilities as one of the owners. Same as other private properties, TPS estates are governed by the Building Management Ordinance (BMO), the relevant land leases, and Deeds of Mutual Covenant (DMCs). All TPS estates have formed their respective Owners' Corporation (OC), which appoints a property management company to manage the common areas and facilitates in the estate. According to the DMCs, **the OCs and their property management companies are responsible for ensuring that the common areas and facilities in the estates, including leisure facilities and slopes, etc., are properly maintained.** HA has been paying management fee to the OCs and contribute funding, if necessary, for managing and maintaining the common areas and facilities in the estates, according to the number of undivided shares owned by HA as stipulated in the DMCs. As regards repair and maintenance of flat interior, same as other owners in TPS estates, HA has the relevant rights and obligations as an owner to the interior maintenance of the unsold flats in TPS estates. Therefore, HA has been refurbishing vacant TPS flats after their recovery and such an arrangement will continue when the recovered TPS flats are put up for sale in the future.

4. In addition to fulfilling HA's basic duties as an owner, the Housing Department representatives, in accordance with BMO, the land leases, and the DMCs, have been giving advice on estate management matters and convey the views of unsold flat tenants to the OCs.³ In addition, in order to alleviate TPS flat owners' burden on maintaining common areas and facilities, when HA launched TPS in 1998, a one-off contribution of around \$2.6 billion was made to the Maintenance Funds of the TPS estates (i.e. \$14,000 per domestic flat) for the major maintenance works of the estates after the sale. Apart from addressing the persistent ardent demand for subsidised sale flats from society, one of the aims of accelerating the sale of unsold TPS flats is to resolve the maintenance and estate management issues arising from mixed ownership in TPS estates in the long run.

**Transport and Housing Bureau
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³ However, in order not to dominate estate management affairs while promoting owners' effective participation and ownership in estate management, we have been exercising caution when casting votes in OC meetings, especially in Owners' meetings