

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Home Ownership Committee

**Appointment of Property Management Agent and
Management Fee Fixing for Tsz On Court II**

PURPOSE

To seek Members' approval to -

- (a) extend the management contract for Phase I of Tsz On Court to cover Phase II of the estate; and
- (b) fix the management fees for flats in Phase II.

BACKGROUND

2. Tsz On Court is developed in three phases. Tsz On I, with one Harmony 1 block of 608 flats completed in April 1994, has been placed under the management of Hsin Chong Real Estate Management Ltd (Hsin Chong). Tsz On II, comprising one Harmony 3 block of 364 flats (sold under Phase 17B of the Home Ownership Scheme in November 1995), is scheduled for completion and intake in February 1997. For Home Ownership Scheme estates completed by phases, it has been the practice to appoint one property management agent (PMA) for the whole estate for better management and economy of scale.

EXTENSION OF MANAGEMENT CONTRACT TO TSZ ON II

3. The performance of Hsin Chong on the management of Tsz On I has been very good since intake in April 1994. Regular appraisals have been made by departmental staff on various aspects of the PMA's day-to-day management functions such as security, cleansing, building maintenance, handling of complaints, liaison with owners and keeping of accounts. Site inspections have also been carried out by senior staff to ensure that a good standard of management is maintained at all times. The manager's remuneration and headquarters staff/administration cost proposed for Tsz On II by Hsin Chong are \$18.70 and \$10.60 respectively. The proposed fees are considered reasonable having regard to those currently charged by other PMAs.

MANAGEMENT FEE FOR TSZ ON II

4. The average management fee of \$480 per flat per month for Tsz On I is considered reasonable and acceptable to the owners. It is proposed to set the fee for Tsz On II at the same level. It is expected that this management fee level can meet the expenses up to 31 March 1998. Details of the budgeted expenses are shown in **Annex A**.

5. The proposed management fees for the different flat types according to their undivided shares range from \$392 per month to \$598 per month as shown in **Annex B**.

RECOMMENDATION

6. It is recommended -

- (a) to extend the management contract to Tsz On II with Hsin Chong; and
- (b) to fix the management fees of Tsz On II as shown in **Annex B**.

PRESUMPTION

7. It is not thought that Members will object to the above recommendations. If no objection or request for discussion is received by the Committees' Secretary **by noon on 4 February 1997**, Members' approval will be presumed and actions will be taken accordingly.

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