

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Home Ownership Committee

Sale of Flats in Tin Fu Court

PURPOSE

To inform Members of the arrangements in dealing with the sale of flats in Tin Fu Court by departmental staff on a case-by-case basis under delegated authority.

BACKGROUND

2. The Authority launched the Preventive Foundation Enhancement Programme in December 1999 to review the adequacy of the foundations of all housing blocks under construction involving 105 projects. Three independent consultants have confirmed, after assessments, that there is **no structural safety concern**. However, depending on the results of further monitoring, preventive works may be desirable for Blocks B and L of Tin Fu Court to ensure the satisfactory long-term performance of the foundations. The assessments also confirm the need for preventive works for Blocks J and K which have already commenced. It is anticipated that the preventive works can be finished before the scheduled completion date of 12 March 2001 stipulated in the Agreement for Sale and Purchase (ASP) of Tin Fu Court.

3. As the four blocks in question are confirmed to be **structurally safe and can be delivered to the purchasers on time**, there is no legal or contractual ground for rescission by purchasers without forfeiture of deposits. There is, however, a need to consider requests on a case-by-case basis in order to address any hardship cases.

DISCRETIONARY AUTHORITY

4. Departmental staff already have delegated authority to deal with requests from purchasers experiencing difficulties to proceed with the sale and to waive the forfeiture of deposit in case of genuine hardship. Paper No. HOC 50/81 refers.

5. Requests for assistance from individual purchasers of flats in Tin Fu Court will be dealt with under the general discretionary provision. A small dedicated team, comprising no more than two staff, would be set up to handle enquiries.

STRUCTURAL GUARANTEE

6. At the time of the release of the assessments by the independent consultants on the foundations of the 105 projects under construction, the Department indicated publicly that we would consider offering a 20-year structural guarantee for all properties in Tin Shui Wai. Since then we have received requests for the Housing Authority (HA) to offer a 40-year structural guarantee for all the blocks requiring strengthening works in Tin Shui Wai. The latter request, which would be the equivalent of a life-long guarantee, is rather unusual in the industry as foundation settlement, if any, usually occurs in the first five years of building completion only. We consider that a 20-year structural guarantee for all projects in Tin Shui Wai should be adequate to address concerns. The issue of structural guarantee and other proposed measures on enhancing building quality of public housing will be dealt with after we have collated and analysed the feedback gathered from the current consultation exercise on “Quality Housing – Partnering for Change”.

PUBLICITY AND PUBLIC REACTION

7. The issues of foundation settlement and building quality in Tin Shui Wai have aroused much public concern. As the four blocks in Tin Fu Court are all structurally safe and can be delivered to purchasers in accordance with the time schedule of the ASP, we will continue to emphasize in response to enquiries that the HA is absolutely not contractually bound to do anything more than what is provided in the ASP. The case-by-case basis approach adopted by the HA should be sufficient to address the concerns of individual owners with particular difficulties.

INFORMATION

8. This paper is issued for Members' information. If Members so wish, it can be discussed at the Home Ownership Committee meeting to be held on 30 March 2000.

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File Ref. : HD(H)APP/A 12/15/1

Date : 28 March 2000