

Estimated Costs for Withholding HOS Flats from Sale (as at 29 February 2004)

Type of Flats	No. of Flats	Disposal Option	Costs incurred (in \$ Million)			Expected costs (in \$ Million)		
			From date of completion/buy-back to March 2004			From April 2004 to December 2006		
			Management Fee	Government Rent	Touching-up Costs	Management Fee	Government Rent	Touching-up Costs
Returned flats	5 095	For sale to Green Form applicants after 2006	19.4 M ⁽¹⁾	7.6 M	N.A.	75.3 M ⁽¹⁾	30.7 M	N.A. ⁽³⁾
Unsold flats in sold / partially sold HOS courts	6 082		52.0 M ⁽¹⁾	20.7 M	N.A.	90.4 M ⁽¹⁾	32.4 M	5.0 M ⁽³⁾
Flats in unsold HOS developments ⁽⁴⁾	10 264	Different disposal options are being considered for implementation as and when ready	18.1 M ⁽²⁾	4.4 M	N.A.	N.A.	N.A.	N.A.
Total No. of Surplus Flats	21 441	Total Costs	89.5 M	32.7 M	-	165.7 M	63.1 M	5.0 M
			122.2 M			233.8 M		

(1) The management fees for returned and unsold flats in sold/partially sold HOS courts are calculated on the basis of the management fees charged under the terms of the Deed of Mutual Covenants executed for the various courts. As the flats, whether in sold blocks or unsold blocks, form part of existing HOS courts, the Housing Authority as their owner is obliged to pay the full amount of management fees for them in accordance with the Deed of Mutual Covenants. The average management fee is \$450 per flat per month.

(2) The average cost of managing the flats in unsold HOS developments is about \$150 per flat per month, mainly used for security services.

(3) New flats in sold/partially sold HOS courts only require simple maintenance works such as surface and occasional minor repairs. The average estimated touching-up cost for each flat is around \$820. With 6 082 flats in this category, the total one-off touching-up cost is about \$5 million. On the other hand, the 5 000 odd returned flats would require more substantial refurbishment due to previous occupation, at about \$7,500 per flat. Given that this cost item is necessary irrespective of timing of sale, it is not a withholding cost. For flats in unsold HOS developments, no refurbishment is required pending decision on disposal arrangements.

(4) The figure has excluded the 2 100 flats in Hiu Lam Court in Sau Mau Ping which have been converted to public rental housing.