

## THE HONG KONG HOUSING AUTHORITY

### Memorandum for the Building Committee

#### Conversion of Surplus 3-Bedroom Flats to Small Flats in Standard Harmony Blocks

#### PURPOSE

This paper is to seek Members' endorsement to the conversion of surplus 3-Bedroom flats in Harmony block building contracts, the adjustment of the Project Budgets and a new option 7 of the New Harmony 1 block.

#### BACKGROUND

2. The Strategic Planning Committee (SPC) approved the proposal to convert surplus 3 Bedroom flats due for completion up to 2003/04 on 16 September 1999 by way of Paper No. SPC 37/99.
3. The Building Committee (BC) approved four design proposals for the conversion of surplus 3-Bedroom flats in Harmony 1, Harmony 3 and New Harmony 1 blocks on 21 October 1999 by way of Paper No. BC 168/99. The projects affected, the details of the costs and effects on the project budgets were to be the subject of a separate submission.

#### CONVERSION SCHEMES

4. Subsequent to Members' approval of the four conversion schemes, two of the schemes have been revised for the better use of space and the more effective furniture layout as shown at **Annex 1** and as follows -

(a) **Scheme 1 (revised)**

Design for the conversion of the 3-Bedroom flat at the end bay of Harmony 1 / Option 5 to small flats is revised for a more effective use of space.

(b) **Schemes 2 & 3**

Conversion designs which are already standard Harmony Block arrangements remain unchanged as approved by the BC on 21 October 1999.

(c) **Scheme 4 (revised)**

It is proposed to abandon the original Scheme 4 because of unsatisfactory flat layouts. The designs were not well received at the BC and room layouts do not lend themselves to effective furniture layouts and are likely to lead to complaint.

The 3-Bedroom flat at the central core of the New Harmony 1 / Opt.1 block is to be changed to a standard 1P/2P flat and a standard 1-Bedroom flat for more efficient flat layouts.

## **NEW HARMONY 1 /OPT.7 DESIGN**

5. The revised conversion scheme 4 for the New Harmony 1 / Opt.1 block at paragraph 4(c) above will be developed into a new option 7 design as shown at **Annex 5**. This option is a development of option 1 but with 4 no. 1P/2P flats at the central core in lieu of 3 no. The 40 no. 3-Bedroom flats in option 1 will be changed into 40 no. 1P/2P flats and 40 no. 1-Bedroom flats to enhance the supply of small flats.

6. The construction cost for this new option is as follows -

		Construction Cost (at June 99 price level) (\$)
Cost/m <sup>2</sup> of CFA		5,345
Cost/Block		212,729,000
Cost/Flat	1P/2P Flat	157,509
	1B Flat	272,896
	2B Flat	354,331

### FLAT PRODUCTION

7. The proposal endorsed by BC was to examine the feasibility of conversion of 1,600 surplus 3 bedroom flats into 2,401 small flats as a contribution towards a target production of 6,000 additional small flats by 2005/06. The balance of the target production was to be provided by adjustments to future projects by the use of suitable options of the New Harmony Blocks or the use of Annex Blocks.

8. The projects have been examined in detail and the programme and planning aspects evaluated and 10 suitable projects with 914 surplus 3-Bedroom flats in 13 Harmony blocks have been confirmed. These projects will provide an additional supply of 1,074 small flats including 914 1P/2P flats and 160 2P/3P flats. The details are shown at Annex 2.

9. The balance of production of 4,926 small flats will be provided in new projects through the use of New Harmony blocks, the use of Annex Blocks where possible and through a review of the balance between HOS and PRH projects.

### COST IMPLICATIONS

10. The June 1999 Cost Yardsticks of existing types of small flats have been used as a benchmark for the costs of conversion. The costs of conversion include construction costs, abortive works, prolongation costs for estimated extensions of time to the contracts and the likely loss of rent arising out of the delays to completion. The estimated additional costs for the conversion works at June 1999 prices are shown at Annex 3. The actual costs incurred are to be assessed on a project basis.

## FUNDING IMPLICATIONS

11. Adjustments to the Approved Project Budgets and Project Development Budgets will be required for the projects implementing the conversion and the details are shown at **Annex 4**. The additional capital costs are estimated to be \$183.156M over a period of four years.

## TIME IMPLICATIONS

12. Extensions of time for some of the on-going projects are anticipated. Preliminary assessments have been made by the project managers against the contract programmes and are considered to be appropriate for planning purposes. The details the are shown at **Annex 2**. Supplemental Agreements to the contracts will be entered into for projects under construction where appropriate.

## RECOMMENDATIONS

13. Members are recommended to -
- (a) Approve the revised conversion designs for scheme 1 and scheme 4 discussed at paragraph 4(a) & 4(c).
  - (b) Approve the New Harmony 1 Block Option 7 as described at paragraph 5.
  - (c) Approve the projects for conversion discussed at paragraph 8 and shown in **Annex 2**.
  - (d) Approve the revised Approved Project Budgets and Project Development Budgets discussed at paragraph 11 and as shown at **Annex 4**.
  - (e) Note the time implications discussed at paragraph 12.

## **PRESUMPTION**

14. It is not thought that Members will object to the recommendations at paragraph 13 above. If no objection or request for discussion is received by the Committees' Secretary **by noon on 3 February 2000**, Members' approval will be presumed and follow-up action will be taken.

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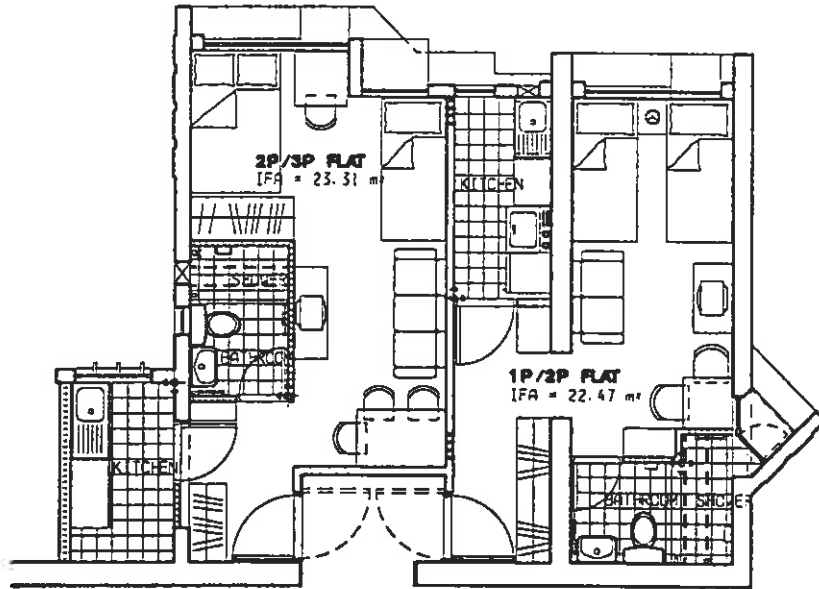
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Date : 28 January 2000

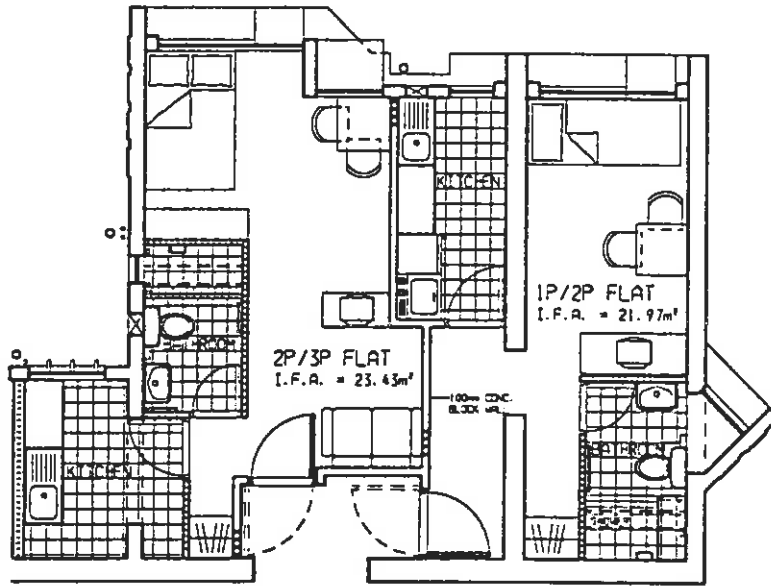
## **ANNEXES**

- Annex 1**      **Revised Scheme 1 design for conversion of 3 Bedroom flats in the end-bays of Harmony 1.**
- Annex 2**      **Projects proposed for implementation of conversion of surplus 3 Bedroom flats**
- Annex 3**      **Cost Estimates and Benchmark Costs of small flats.**
- Annex 4**      **Funding implications and adjustments to Approved Project Budgets and to Project Development Budgets.**
- Annex 5**      **Typical floor plan of New Harmony 1 Option 7**

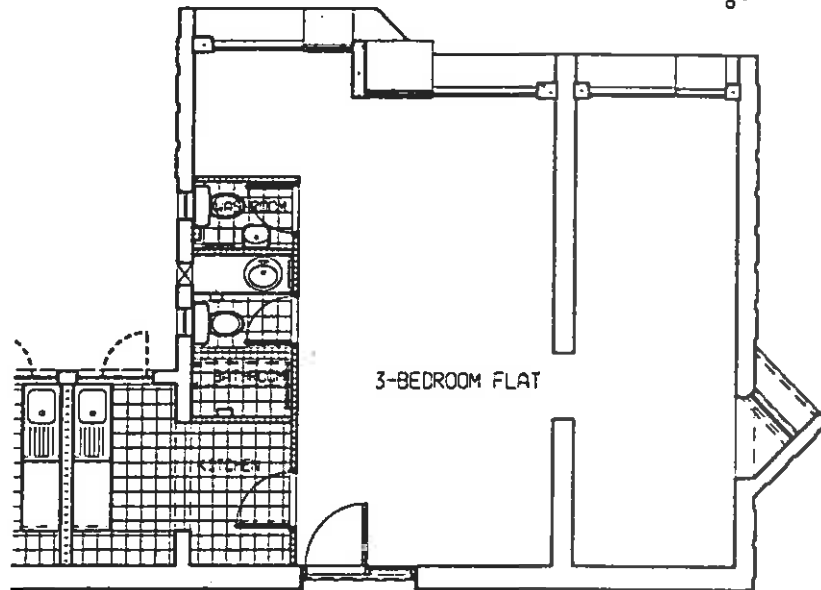
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99 DATED  
21.10.99)



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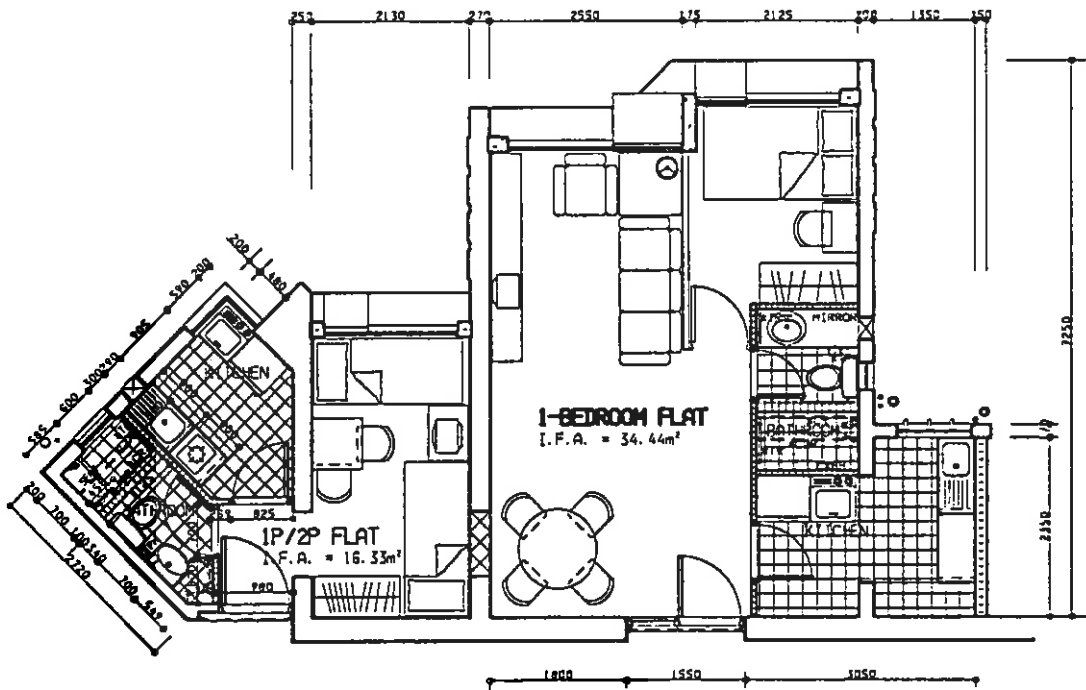


**SCHEME 1**  
**CONVERSION OF 3B FLAT AT END BAY TO 1P/2P & 2P/3P FLATS**  
**HARMONY I BLOCK**

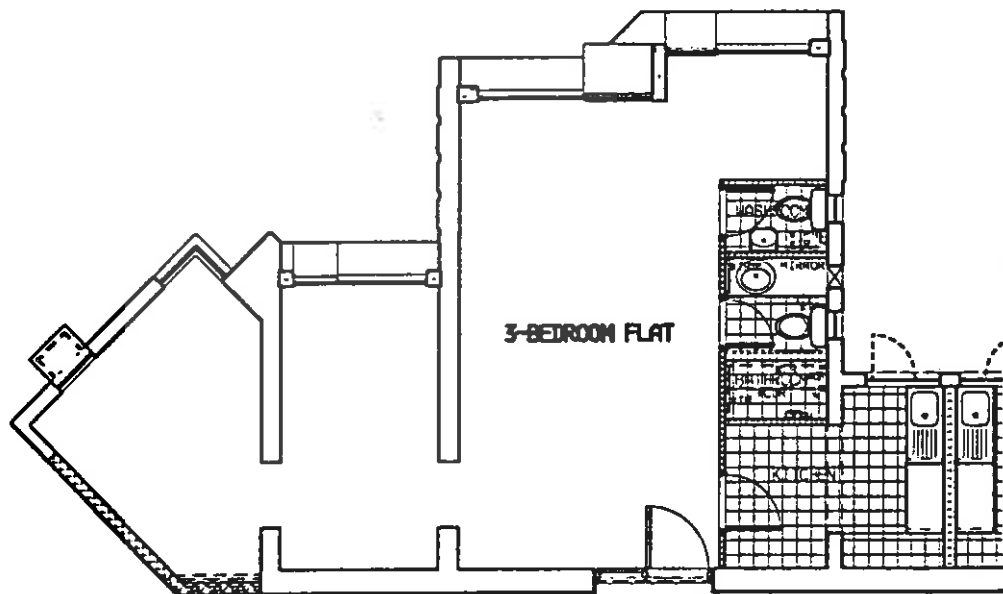
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NO. BC168/  
99 DATED  
21-10-99



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**SCHEME 2**

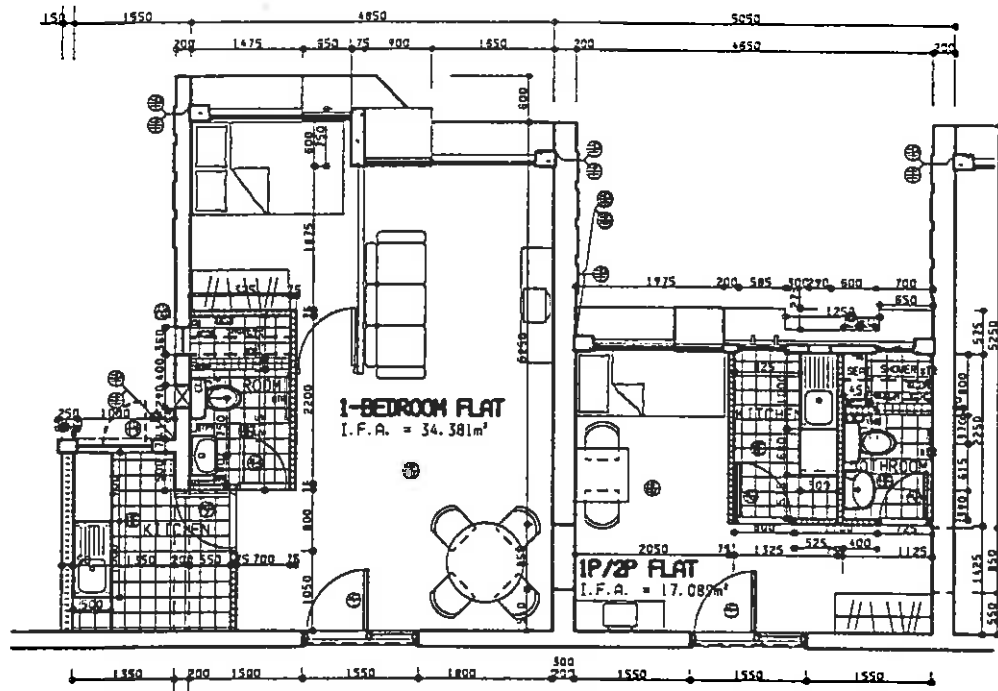
CONVERSION OF 3B FLAT AT CENTRAL CORE TO 1P/2P & 1B FLATS  
HARMONY 1 BLOCK

DWG. No. : H1/B/SK020  
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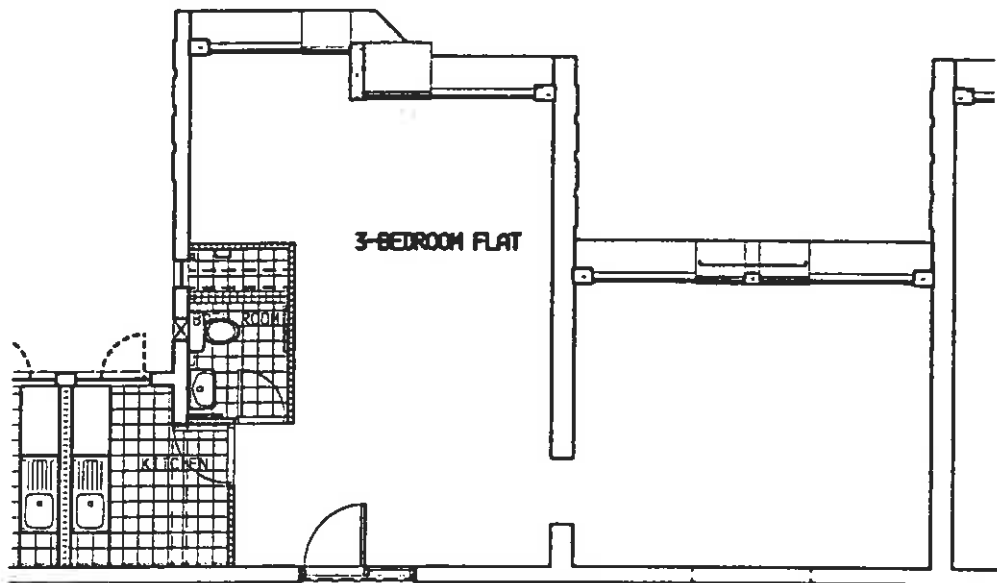
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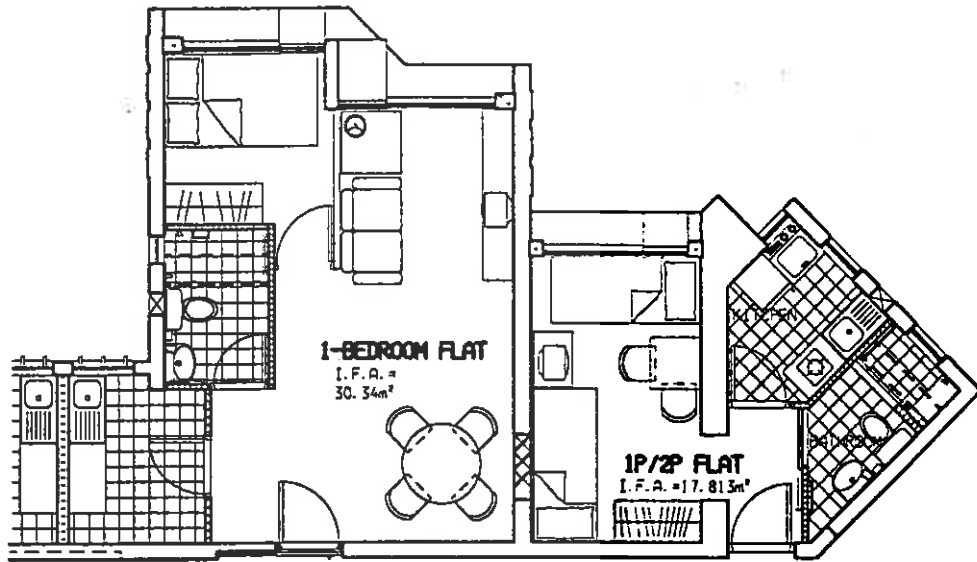
**SCHEME 3**

**CONVERSION OF 3B FLAT AT CENTRE OF CORRIDOR TO 1P/2P & 1B FLATS  
HARMONY 3A BLOCK**

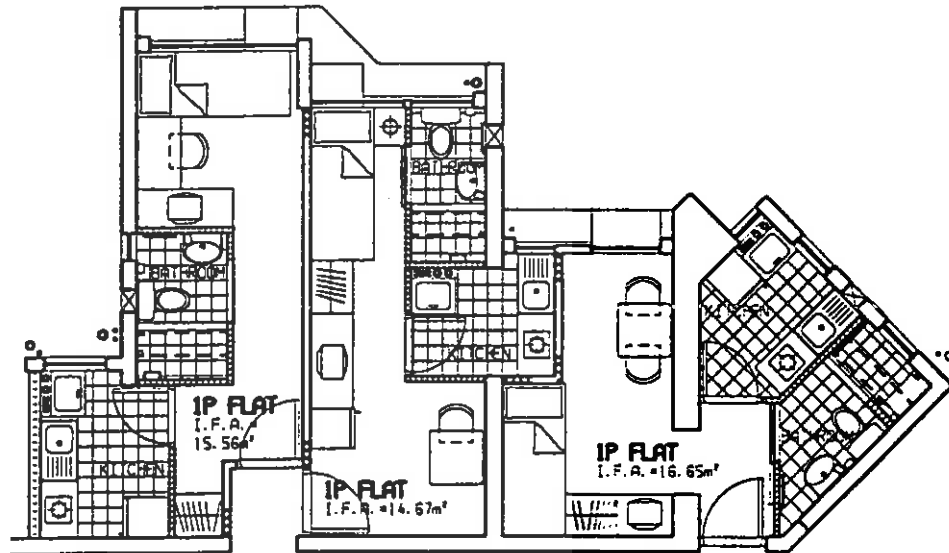
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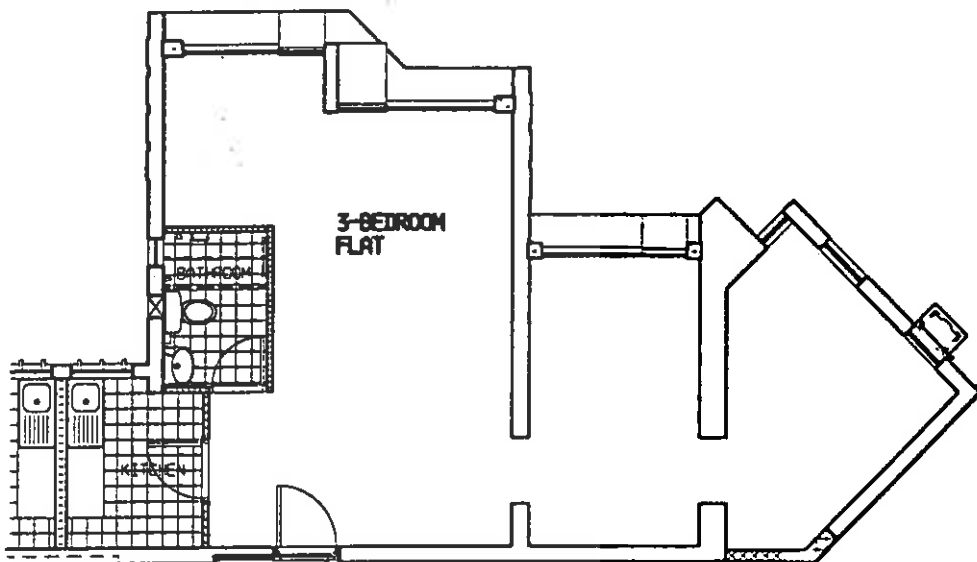
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(PAPER  
NO. BC168/  
99 DATED  
21.10.99)



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**SCHEME 4**

**CONVERSION OF 3B FLAT AT CENTRAL CORE TO 1P/2P & 1B FLATS  
NEW HARMONY 1 BLOCK**

DWG. NO. H1/99/SK041  
SCALE 1:100

**Numbers of Flats for Conversion in Projects**  
**Conversion of Surplus 3B Flats to Small Flats in Harmony Blocks**

Projects	Nos. of Blocks	Block Types	Editions	Schemes	Nos. of 3B Flats to be Converted per Block			Nos. of New Flats Converted per Block			Current Building Programmes		Revised Programmes	
					End Bay	Central Core	Centre of Corridor	1P/2P Flats	2P/3P Flats	1B Flats	Commencement Dates	Completion Dates	Time Implications	Completion Dates
Cheung Sha Wan West Ph.2	3	H1/Opt.10	1/98	2	-	80	-	80	-	80	11.98	2.01	9 months	11.01
TSW 105 Ph.1	1	H1/Opt.9	1/98	2	-	159	-	159	-	159	12.98	12.00	9 months	09.01
Po Lam Road Ph.4	1	H1/Opt.10	1/98	2	-	80	-	80	-	80	1.99	2.01	7.5 month	09.01
Yau Tong Ph.2	1	H1/Opt.5	1/98	1	160	-	-	160	160	-	12.99	01.02	1 month	01.02
Upper Ngau Tau Kok Ph.1	1	SAB (H3A module)	1/99	3	-	-	45	45	-	45	10.99	3.02	nil	3.02
Shek Lei Ph.9	1	H3A/Opt.1	1/99	3	-	-	30	30	-	30	11.99	11.01	1 month	11.01
TKO 73A Ph.1	1	NH1/Opt.1	1/2000	4	-	40	-	40	-	40	5.00	10.02	nil	10.02
TKO 73A Ph.2	2	NH1/Opt.1	1/2000	4	-	40	-	40	-	40	5.00	10.02	nil	10.02
Tung Chung 31 Ph.2	1	NH1/Opt.1	1/2000	4	-	40	-	40	-	40	7.00	11.02	nil	11.02
Fanling 36 Ph.2	1	NH1/Opt.1	1/2000	4	-	40	-	40	-	40	8.00	12.02	nil	12.02
<b>Total :</b>	<b>10</b> Projects	<b>13</b> Blocks			<b>160</b>	<b>679</b>	<b>75</b>	<b>914</b>	<b>160</b>	<b>754</b>				
					914 nos. 3B flats to be converted			1828 nos. new flats converted, incl. 1074 nos. small flats						

## COST IMPLICATIONS

Estimates for the Conversion at June 99 Price Level

Conversion of Surplus 3B Flats to Small Flats in Standard Harmony Blocks

Projects	Block Types	Nos. of Blocks	Nos. of 3B Flats to Be Converted per Block (B)	Estimated EOT (months)	Conversion Cost Incl. Abortive & Alteration Works per Block (C)	Prolongation Cost per Block (D)	Loss in Rental Income per Block (E)	Total Conversion Cost per Block (F = C+D)	Total Conversion Cost per Project (G = FxA)	Total Conversion Cost & Rental Loss per Project (H = G+ExA)	Total Construction Cost, Conversion Cost & Rental Loss			
											Per Flat Converted			Per 3B Flat to Be Converted (E/B + F/B + cost yardstick)
											1P/2P Flat	2P/3P Flat	1B Flat	
Cheung Sha Wan West Ph.2	H1/Opt.10	3	80	9	\$11,019,000	\$17,000,000	\$15,711,000	\$28,019,000	\$84,057,000	\$131,190,000	\$306,488	-	\$645,337	\$951,825
TSW 105 Ph.1	H1/Opt.9	1	159	9	\$21,900,263	\$17,000,000	\$11,022,000	\$38,900,263	\$38,900,263	\$49,922,263	\$231,575	-	\$487,602	\$719,176
Po Lam Road Ph.4	H1/Opt.10	1	80	7.5	\$11,019,000	\$12,240,000	\$13,093,000	\$23,259,000	\$23,259,000	\$36,352,000	\$276,791	-	\$582,809	\$859,600
Yau Tong Ph.2	H1/Opt.5	1	160	1	\$16,000,000	\$2,000,000	\$1,796,918	\$18,000,000	\$18,000,000	\$19,796,918	\$259,705	\$269,226	-	\$528,931
Upper Ngau Tau Kok Ph.1	SAB(H3 module)	1	45	-	\$3,300,000	-	-	\$3,300,000	\$3,300,000	\$3,300,000	\$246,316	-	\$495,599	\$741,915
Shek Lei Ph.9	H3A/Opt.1	1	30	1	\$2,200,000	\$2,000,000	\$1,063,762	\$4,200,000	\$4,200,000	\$5,263,762	\$192,779	-	\$387,880	\$580,659
TKO 73A Ph.1	NH1/Opt.1	1	40	-	\$2,288,000	-	-	\$2,288,000	\$2,288,000	\$2,288,000	\$153,810	-	\$323,860	\$477,670
TKO 73A Ph.2	NH1/Opt.1	2	40	-	\$2,288,000	-	-	\$2,288,000	\$4,576,000	\$4,576,000	\$153,810	-	\$323,860	\$477,670
Tung Chung 31 Ph.2	NH1/Opt.1	1	40	-	\$2,288,000	-	-	\$2,288,000	\$2,288,000	\$2,288,000	\$153,810	-	\$323,860	\$477,670
Fanling 36 Ph.2	NH1/Opt.1	1	40	-	\$2,288,000	-	-	\$2,288,000	\$2,288,000	\$2,288,000	\$153,810	-	\$323,860	\$477,670

### Conversion Benchmark Costs

Small Flats of Various Block Types Based on 6/99 Cost Yardsticks

Block Types	Construction Costs	
	1P/2P Flats	2P/3P Flats
Harmony 1	\$136,900	-
New Harmony 1 / Opts 1 to 3	\$154,400	-
New Harmony 1 / Opts 6	\$170,200	\$219,300
New Harmony Annex 5 / Opt. 1 & 2	\$232,800	\$246,100
Small Households Developments	\$287,700	\$340,700

Note : Data regarding the EOT, APB & PDB as advised by the PMs.

Estimates subject to changes due to the actual approval date of BC paper and the subsequent implementation date of the conversion.

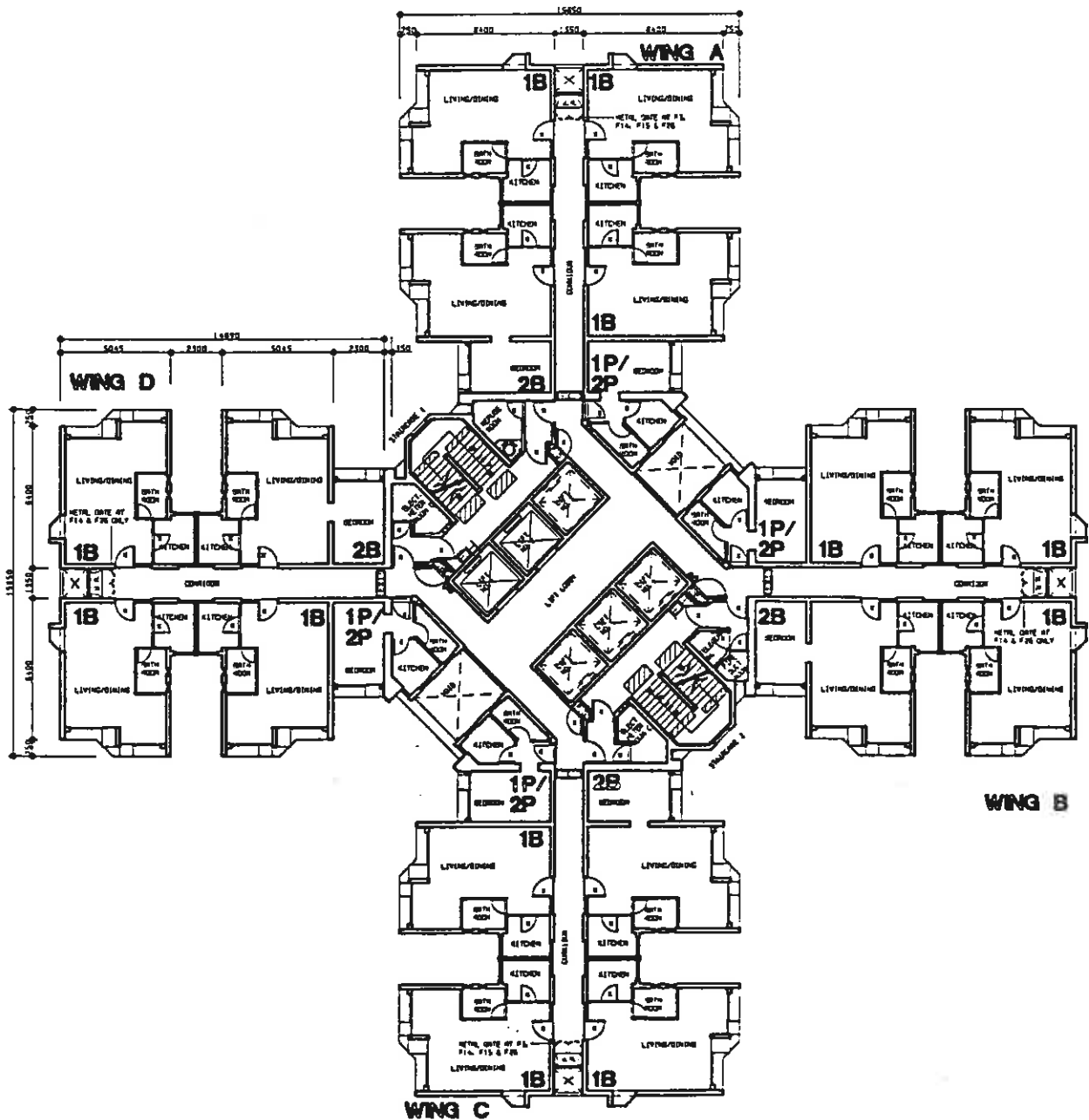
## FUNDING - APB & PDB

Funding Implications on the Adjustments to APB / PDB at June 99 Price Level

Conversion of Surplus 3B Flats to Small Flats in Standard Harmony Blocks

Projects		Nos. of Blocks	Additional Funds for Conversion per Project	Approved Project Budget		Project Development Budget	
				Current	Revised (due to Conversion)	Current	Revised (due to Conversion)
1	Cheung Sha Wan West Ph.2	3	\$84,057,000	\$989,736,000	\$1,073,793,000	-	-
2	TSW 105 Ph.1	1	\$38,900,263	\$1,198,092,000	\$1,236,992,263	-	-
3	Po Lam Road Ph.4	1	\$23,259,000	\$860,000,000	\$883,259,000	-	-
4	Yau Tong Ph.2	1	\$18,000,000	-	-	\$593,554,000	\$612,114,000
5	Upper Ngau Tau Kok Ph.1	1	\$3,300,000	-	-	\$805,929,000	\$809,229,000
6	Shek Lei Ph.9	1	\$4,200,000	-	-	\$782,598,000	\$786,798,000
7	TKO 73A Ph.1	1	\$2,288,000	-	-	\$1,173,744,000	\$1,180,773,000
8	TKO 73A Ph.2	2	\$4,576,000	-	-	\$713,851,000	\$727,910,000
9	Tung Chung 31 Ph.2	1	\$2,288,000	-	-	\$904,037,000	\$906,325,000
10	Fanling 36 Ph.2	1	\$2,288,000	-	-	\$1,191,931,000	\$1,197,440,000
Total Conversion Costs for 10 Harmony Projects		13 blocks	\$183,156,263				

Note : Projects 4 to 10 include the project management costs as a part of the Project Development Budgets, whereas projects 1 to 3 are Approved Project Budgets under the original budget system.



	FLOOR NO.	NO. OF DOMESTIC STOREYS	FLAT TYPES						FLAT TOTAL				
			1 PERSON/2 PERSONS		2 PERSONS/3 PERSONS		1 BEDROOM			2 BEDROOM		3 BEDROOM	
			PER FL.	SUB-TOTAL	PER FL.	SUB-TOTAL	PER FL.	SUB-TOTAL		PER FL.	SUB-TOTAL	PER FL.	SUB-TOTAL
OPT. 7	F1 -F18 + F20-F40	39	4	156	-	-	12	468	4	156	-	-	
	*XF19	1	3	3	-	-	12	12	4	4	-	-	
	TOTAL	40		159		-		480		160		-	799
	% MIX			19.9		-		60.1		20.0		-	

**TYPICAL FLOOR PLAN & FLAT MIX  
NEW HARMONY 1 / OPTION 7 BLOCK**

DWG. NO. : H17B/SK043  
 SCALE : N.T.S.  
 DATE : 22/01/2000