



THE HONG KONG INSTITUTE OF SURVEYORS

23 June 2003

BY FAX (2116 0765) & MAIL

Your ref.: (25) in LD 9/1020/84 (V)

Senior Estate Surveyor/Technical Information
Lands Department
20/F North Point Government Offices
333 Java Road
North Point
Hong Kong

Attn: Ms Alice YIP

Dear Sir/Madam

Review of Building Covenants Period

I refer to your letter of 15 May 2003 to the HKIS and am happy to inform that our views in respect of the Building Covenants Period are as follows:

- A relaxation of the Building Covenants Period is supported by HKIS, not just for the benefits of developers, but for general property market reasons. One of the reason is the current lengthy time and procedures in obtaining various approvals from government. The flexibility given to the BC period will give the property developers the required time to obtain the approvals as well as to respond more freely to the market forces. It will also help the small and medium size developers from rushing and dumping the flats into the beleaguered market in order to avoid the penalty. The proposed extended period can also improve the negative signal given in the Property Review released by the Rating & Valuation Department regarding the supply and vacancy.
- An extension of 12 more months should be given to existing BC. The reason is to let the market adjust the supply so as not to flood the market during a very difficult time. Small developers have particular problems in their developments and the public confidence in the property market is weak. The Administration should be acting proactively to assist the property industry.
- The minimum Building Covenants Period suggested for sites of different sizes:

<u>GFA (sq.m)</u>	<u>Minimum BC Period (months)</u>
Not exceeding 10,000	48
Exceeding 10,000 but less than 100,000	60
Exceeding 100,000 but less than 200,000	72
Exceeding 200,000	84

DESCRIPTION: PRESIDENT FILE/CORRESPONDENCE REF: KENNETH CHAN DATE 1: 2003 DATE 2:



- For sites which are subject to demolition requirements, traffic impact assessment study etc, an additional period of not less than 12 months should be allowed (instead of the 6 months period proposed).
- The Housing, Planning and Lands Bureau has 9 measures to assist the market, this will be the 10th measure.

Should you require further information, please contact our Secretary-General, Mr Gordon NG on 2526 3679.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kenneth Chan', written in a cursive style.

Kenneth CHAN
President