

**Memorandum for the Subsidised Housing Committee of
the Hong Kong Housing Authority**

**Finalisation of Discount Rate and Average Selling Prices for
“Sale of Green Form Subsidised Home Ownership Scheme Flats 2022”**

PURPOSE

This paper informs Members of the finalised discount rate and average selling prices for the “Sale of Green Form Subsidised Home Ownership Scheme (GSH) Flats 2022” (GSH 2022).

BACKGROUND

2. At the meeting on 6 January 2022, Members approved the provisional average selling prices, the arrangements to finalise the average selling prices and sales arrangements for GSH 2022 (Paper No. SHC 43/2021).

3. Three new GSH developments, namely Ching Tao Court in Fanling; Ko Wang Court in Yau Tong; and Kam Pak Court in Ma On Shan involving a total of 4 693 GSH flats are put up for sale under GSH 2022.

DISCOUNT RATE AND AVERAGE SELLING PRICES

Provisional discount rate and average selling prices for GSH 2022

4. As endorsed by the Subsidised Housing Committee (SHC) in 2018 (Paper No. SHC 5/2018 refers), GSH flats will be sold at a discount of 10% more than that determined for the preceding Home Ownership Scheme (HOS) sale exercise.

5. Based on the provisional discount rate for Sale of HOS Flats 2022 (HOS 2022) at 49% (Paper No. SHC 42/2021), Members endorsed at the meeting on 6 January 2022 that the average selling prices of the 4 693 new GSH flats for

sale under GSH 2022 at 59% discount from the assessed market values were only provisional figures. The GSH discount rate would be finalised when the HOS discount rate is finalised.

6. At the meeting on 6 January 2022, Members noted that the application for GSH 2022 would be invited in around Q3 to Q4 2022, which would be more than nine months away from the SHC meeting. In order to better reflect the market condition during the period, and taking into account the fact that the GSH discount rate would need to be finalised, Members endorsed our recommendation to re-assess the market value of the three new GSH developments and adopt the finalised GSH discount to finalise the average selling prices for these GSH developments before the launch of application.

Finalisation of Discount Rate and Average Selling Prices for GSH 2022

7. The average selling prices of the new flats and rescinded flats under HOS 2022 have been finalised at a 49% discount from the assessed market value (Paper No. SHC 16/2022). Based on the finalised discount rate for HOS 2022 at 49%, the discount rate for GSH 2022 is finalised at **59%**, which is the same as the provisional figure.

8. We have re-assessed the market values ^{Note 1} of the three new GSH developments (paragraph 6 above) before the launch of application scheduled for September 2022. Compared with the market values as set out in Annex B of Paper No. SHC 43/2021 ^{Note 2}, the re-assessed market values of the three new GSH developments represented a downward adjustment ranging from about 4% to 5%. Based on the finalised discount rate for GSH 2022 at 59% and the re-assessed market values, the finalised average selling prices of the three new GSH developments are at **Annex**, representing a downward adjustment ranging from about 4% to 5%.

Note 1 In re-assessing the market values of the subject developments, we have considered sale transactions of residential properties in the open market for both private and other Subsidised Sale Flats (SSF) developments in the vicinity of the subject developments up to August 2022. Due regard has also been made to the differences in terms of building age, location, design, facilities, etc., between the subject developments and comparable developments.

Note 2 The market values were assessed with reference to sale transactions of residential properties in the open market for both private and other SSF developments in the vicinity of the subject developments up to November 2021.

9. As with past practice, a directorate officer of the Housing Department (HD) has worked out the selling prices of individual flats and obtained the approval of the Permanent Secretary for Housing under the delegated authority of the Chief Executive (CE)^{Note 3}.

FINANCIAL IMPLICATION

10. Based on the finalised average selling prices, the total sales proceeds for the sale of the 4 693 flats of the three new GSH developments is estimated to be \$7,908 million. After deducting the estimated total costs^{Note 4} at \$6,397 million, the operating surplus is estimated to be \$1,511 million.

STAFFING, INFORMATION TECHNOLOGY (IT) AND LEGAL IMPLICATIONS

11. There is no staffing, IT or legal implication.

PUBLIC REACTION AND PUBLICITY

12. We will publicise the finalised discount rate and average selling prices for GSH 2022 in the press release to be issued prior to the application for GSH 2022, which will be invited in late September 2022. The issue may attract interest from the media and the general public. We will explain that the finalised discount rate and average selling prices for GSH 2022 are set in accordance with the prevailing pricing mechanism and we have re-assessed the market values of the three new GSH developments before the launch of application.

Note 3 Section 17A(1) of the Housing Ordinance (Cap. 283) stipulates, inter alia, that the payment of the purchase price and the terms and conditions of payment may be determined by HA with the prior approval of CE. The then CE delegated his powers under section 17A(1) to the then Secretary for Transport and Housing and the then Permanent Secretary for Transport and Housing (Housing) in 2008. Upon the 2022 re-organisation of policy bureaux, CE endorsed that the statutory and administrative functions and duties delegated to the then Secretary for Transport and Housing and the then Permanent Secretary for Transport and Housing (Housing) shall be transferred to the Secretary for Housing and the Permanent Secretary for Housing with effect from 1 July 2022.

Note 4 The estimated total costs include development costs (i.e. construction and overhead costs), land costs at 35% of the development costs, administration overheads and other sales related expenditure including expenses for printing, advertisements, publicity, consultancy, pre-management, etc.

13. To prepare for the launch of application for GSH 2022 in late September 2022, we have already set out in the sales booklets that the price range provided therein are “provisional” figures and are subject to possible adjustment of the discount rate and average selling prices. We will upload the finalised price range based on the finalised discount rate and average selling prices of the GSH developments onto the designated website of the Housing Authority (HA)/HD for GSH 2022 and post messages on HA Facebook and Instagram. The finalised price range will also be displayed at the GSH Sales Office in Kwun Tong. Moreover, the selling prices of individual new GSH flats under GSH 2022 based on the finalised discount rate and average selling prices will be set out in the price lists to be made available to the public and prospective purchasers before flat selection, which is expected to start from the first quarter of 2023.

INFORMATION

14. This paper is issued for Members’ information.

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**Finalised Average Selling Prices
for New Developments under GSH 2022**

Development/ Location	Saleable Area * (about)		Number of flats	Assessed Average Market Value as at August 2022 <i>(on saleable area)</i>	Average Selling Price at 59% discount <i>(on saleable area)</i>	Range of Finalised Selling Prices <i>(for Members' reference only)</i>
	(sq. m.)	(sq. ft.)				
Ching Tao Court Fanling	25.7 - 26.8	277 - 288	396	\$118,000/m ² (\$10,960/ft ²)	\$48,380/m ² (\$4,490/ft ²)	\$1.13M - \$2.19M
	34.8 - 38.5	375 - 414	308			
	41.2 - 41.5	443 - 447	72			
	Total		776			
Ko Wang Court Yau Tong	17.2 - 20.7	185 - 223	387	\$142,000/m ² (\$13,190/ft ²)	\$58,220/m ² (\$5,410/ft ²)	\$0.84M - \$2.71M
	25.8 - 30.9	278 - 333	774			
	34.8 - 39.4	375 - 424	560			
	41.5 - 45.4	447 - 489	300			
	Total		2 021			
Kam Pak Court Ma On Shan	17.1 - 17.2	184 - 185	160	\$132,000/m ² (\$12,260/ft ²)	\$54,120/m ² (\$5,030/ft ²)	\$0.75M - \$2.61M
	25.8 - 26.8	278 - 288	846			
	34.7 - 36.6	374 - 394	527			
	42.0 - 43.9	452 - 473	363			
	Total		1 896			
Total New GSH Flats under GSH 2022			4 693			

* The saleable areas of individual flats have been finalised.