

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

**Average Selling Prices and Sales Arrangements for
“Sale of Home Ownership Scheme Flats 2022” and
Arrangements for “White Form Secondary Market Scheme 2022”**

PURPOSE

This paper seeks Members’ approval of the average selling prices and sales arrangements for the “Sale of Home Ownership Scheme (HOS) Flats 2022” (HOS 2022) and the arrangements for the “White Form Secondary Market Scheme (WSM) 2022” (WSM 2022).

RECOMMENDATION

2. Members are invited to note –

- (a) the seven new HOS developments, the rescinded HOS flats, the recovered TPS flats and the rescinded Subsidised Sale Flats (SSFs) of the Hong Kong Housing Society (HKHS) to be put up for sale under HOS 2022 (**paragraphs 4 to 9**);

and to approve the following arrangements –

- (b) adopting the provisional average selling prices for HOS 2022 at 49% discount from the assessed market values (for both new HOS flats for sale and rescinded HOS flats for resale) which will be finalised when the saleable areas of individual flats are fixed (**paragraphs 12 and 14**);
- (c) conducting a joint application exercise with HKHS under HOS 2022 (**paragraph 19**);
- (d) following the established order of priority in flat selection for HOS 2022 (**paragraphs 22 and 24**);

- (e) adopting the ratio of 40:60 for quota allocation between Green Form (GF) and White Form (WF) applicants of HOS 2022, with the flexibility to allocate any unused GF quota to WF applicants and vice versa (**paragraph 27**);
- (f) setting a quota of 2 700 flats for families applying under the Priority Scheme for Families with Elderly Members (Priority Elderly Scheme) for HOS 2022, and arranging for flat selection in accordance with established practice. GF and WF applicants will take up 40% and 60% respectively of the set quota. Any unused GF quota will be allocated to WF applicants and vice versa (**paragraph 30**);
- (g) setting aside 900 flats for one-person applicants for HOS 2022, and arranging for flat selection in accordance with established practice. GF and WF applicants will take up 40% and 60% respectively of the set quota. Any unused GF quota will be allocated to WF applicants and vice versa (**paragraph 33**);
- (h) adopting the publicity arrangements for HOS 2022 (**paragraph 41**);
- (i) setting the annual quota of WSM at 4 500 and maintaining the allocation ratio for family and one-person applicants at 9:1 (**paragraph 44**);
- (j) setting the one-off application fees at \$250 for HOS 2022 only, \$210 for WSM 2022 only and \$460 for both HOS 2022 and WSM 2022 (**paragraph 49**); and
- (k) declassifying this paper after the meeting (**paragraph 62**).

SCOPE

HOS 2022

3. The following will be put up for sale under HOS 2022.

(a) New HOS Flats for Sale

4. There will be a total of **8 926** HOS flats in seven new developments for HOS 2022. Details of the HOS flats for sale are summarised at **Annex A1**. Location plans of these developments are at **Annex A2**.

(b) Rescinded HOS Flats for Resale

5. It has been the established practice to put up any unsold/rescinded flats for resale in future sale exercise(s) ^{Note 1}. As at 30 November 2021, there were 14 rescinded flats from Choi Wo Court (in Shatin) (Occupation Permit (OP) issued in August 2020) and Shan Lai Court (in Fanling) (OP issued in November 2021) which were sold under HOS 2020. We will include the above rescinded flats and any additional rescinded flats of Choi Wo Court and Shan Lai Court as identified up to about two months before commencement of flat selection for resale under HOS 2022. Details of the rescinded flats are summarised at ----- **Annex B1**. Location plans of these developments are at **Annex B2**.

(c) Recovered TPS Flats for Sale

6. The sale of recovered TPS flats was discussed at the Subsidised Housing Committee (SHC) meeting on 10 March 2020 (Paper No. SHC 5/2020), 28 July 2020 (Paper No. SHC 35/2020) and 15 March 2021 (Paper No. SHC 12/2021). Members endorsed the pooling together of recovered TPS flats for sale to Green Form applicants in the annual HOS and GSH sale exercises, the arrangements for the sale of recovered TPS flats (including the target buyers, sales approach, pricing and alienation restrictions), and that in choosing flats for sale from the recovered TPS flats, we should take into account factors such as the diversity of the TPS estates and their popularity among purchasers. Members also agreed that the sales arrangements would be **reviewed after two sale exercises (i.e. one GSH and one HOS sale exercise)**.

7. The first batch of 813 recovered TPS flats were accordingly put up for sale to eligible Green Formers under GSH 2020/21. Flat selection commenced from end October 2021 and is still in progress. Any unsold recovered TPS flats from GSH 2020/21 will be included for sale in HOS 2022.

8. There are further TPS flats recovered which can be made available for sale. We will choose from these recovered TPS flats and any TPS flats to be recovered in coming months, up to about three months before commencement of flat selection of HOS 2022 for inclusion in the HOS 2022 sale exercise, taking into account factors set out in **paragraph 6** above such as the diversity of the TPS estates and their popularity among purchasers based on past experience. At this

Note 1 It has been the established practice to group all rescinded flats of a development together and sell in one go under one sale exercise. Most rescission of flats come up close to the time when the development is to be completed.

stage, we are not able to provide a firm estimate of the total number of recovered TPS flats to be put up for sale under HOS 2022. We would take into account the flat conditions of the recovered/to be recovered TPS flats and the sale response of the TPS flats under GSH 2020/21 as far as practicable in deciding on the exact number of recovered TPS flats for sale under HOS 2022.

(d) Rescinded HKHS's SSFs

9. In 2016 and 2017, HKHS offered about 1 640 SSFs in three developments for presale. These developments were completed between 2019 and 2020. As at 30 November 2021, there were 27 rescinded flats from these developments because the purchasers failed to complete the assignments. HKHS proposes to offer these 27 rescinded flats for resale under HOS 2022. Details of the 27 rescinded flats are summarised at **Annex B3**. Location plans of the relevant developments are at **Annex B4**. The last time where HKHS's SSFs were sold under our HOS sale exercise was in HOS 2016.

WSM 2022

10. The annual quota for WSM 2020 was 4 500. We propose maintaining the quota for WSM 2022 at 4 500 (**paragraphs 43 to 46** below).

ARRANGEMENTS AND JUSTIFICATIONS

HOS 2022

Pricing

Average Selling Prices for HOS Flats

11. According to the pricing policy on SSF of HA introduced in 2018, the discount^{Note 2} applied to the assessed market values of the HOS flats for sale is determined based on the affordability benchmark to ensure that **at least 75% of the flats for sale are affordable to the non-owner occupier households** earning the median monthly household income (currently \$38,700^{Note 3}),

Note 2 A minimum of 30% discount applies.

Note 3 The figure for the third quarter of 2021 net of Mandatory Provident Fund contributions.

assuming that they need to spend no more than 40% of their monthly income on mortgage payment^{Note 4}. It has been the established practice to apply the discount rate to both new flats and rescinded flats put up for sale/resale in a sale exercise.

12. In accordance with the above pricing formula, the average selling prices of the 8 926 new HOS flats for sale and any rescinded HOS flats for resale would be 49% discount from the assessed market values^{Note 5}.

13. Details of the average selling prices of the seven new HOS developments and the HOS developments with rescinded flats for resale are at ----- **Annexes C1 and C2**.

14. The layout of individual flats for some of the new HOS developments to be put up for sale under HOS 2022 are still subject to changes. As a result, the saleable areas of individual flats are yet to be finalised. Since the saleable area of individual flats is a key in determining the price of HOS flats according to the above pricing formula, we **propose** that the discount rate and the average selling prices set out in **paragraph 12** above be adopted as “**provisional**” figures for the time being. We will inform Members of the finalised discount rate and average selling prices when the saleable areas of individual flats for developments under HOS 2022 are finalised^{Note 6}, tentatively in the first half of 2022. In the event that the discount rate based on the finalised saleable areas are higher than that of the provisional discount rate, we would adopt the higher discount rate; and if the discount rate based on the finalised saleable areas is lower than that of the provisional discount, we would not adjust the discount rate downwards (thereby avoiding an increase of the average selling prices).

Note 4 Mortgage payment is worked out based on the assumption that the mortgage loan-to-price ratio is 90% and the flat is mortgaged for a term of 20 years at an interest rate of the higher of the prevailing mortgage interest rate or the average rate for the past 12 months. In this exercise, the prevailing rate (September 2021) is 3.00% and the average rate for the past 12 months (October 2020 to September 2021) was 2.93%.

Note 5 In 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 SSF developments in the vicinity of the subject developments up to November 2021. 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 6 In finalising the saleable areas to achieve the finalised discount rate and average selling prices the assessed market values and median household income used in this paper would not be changed.

15. As with past practice, upon finalisation of the average selling prices, a directorate officer of the Housing Department (HD) will work out the selling prices of individual flats for approval of the Permanent Secretary for Transport and Housing (Housing) under the delegated authority of the Chief Executive (CE) ^{Note 7}.

Selling Prices for Recovered TPS Flats

16. Members endorsed at the meeting of 28 July 2020 that the existing pricing mechanism for sale of TPS flats to sitting tenants would be adopted for sale of recovered TPS flats to Green Formers. The existing pricing mechanism is based on the Adjusted Replacement Cost approach, the details of which are set out at **Annex D**. As at November 2021, the list prices of the unsold TPS flats range from about \$140,000 to \$1,260,000, and the discounts range from 83% to 87% of assessed market values ^{Note 8}. The final price range will depend on the recovered TPS flats that will be put up for sale under HOS 2022.

17. Pursuant to Members' endorsement at the meeting of 28 July 2020, the selling prices of recovered TPS flats to be put up for sale under HOS 2022 would be frozen throughout the sale exercise from around three months before flat selection (when the list of recovered TPS flats to be offered for sale would be finalised) even if the scheduled biennial TPS price review for sitting tenants and implementation fall in the flat selection period ^{Note 9}; and if there are surplus flats left unsold at the end of a sale exercise, their prices will be updated according to the latest biennial price review before carrying them over to the next sale exercise. In other words, if there are any recovered TPS flats remain unsold after completion of flat selection for GSH 2020/21, and that if such flats are put up for sale again under HOS 2022, their prices will be updated according to the latest biennial price review, if any, before carrying them over to HOS 2022.

Note 7 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. CE delegated his powers under section 17A(1) to the Secretary for Transport and Housing and Permanent Secretary for Transport and Housing (Housing) in 2008.

Note 8 The market values are assessed with reference to the market transactions of comparable properties.

Note 9 Under the current pricing mechanism, the list prices of TPS flats for sale to sitting tenants are reviewed and adjusted every two years. The schedule for review varies from one estate to another.

Sales Arrangements

Joint Application with HKHS

18. HA and HKHS have conducted several joint application exercises for the sale of HOS flats and HKHS's SSFs in the past, with the latest joint application exercise held in 2016 under HOS 2016. HKHS proposes to similarly conduct a joint application exercise for its 27 rescinded flats to be included for sale under HOS 2022, in consideration of the small number of rescinded flats involved.

19. We **propose** to accede to HKHS's request, so that eligible applicants only need to submit a single application and undergo one vetting process for buying HOS flats or HKHS's SSFs. In essence, HKHS's 27 rescinded flats will be put into the pool of flats to be offered in HOS 2022. When it comes to an eligible applicant's turn for flat selection, he/she may choose either HA's flats or HKHS's SSFs, subject to the availability of flats by then.

20. Regarding the determination of selling prices of the 27 rescinded SSFs under HKHS, HKHS will separately seek approval from the Secretary for Transport and Housing, in accordance with the land grant conditions of the relevant SSF developments. The selling prices of the rescinded flats will be announced by HKHS separately before the commencement of application.

21. By putting its 27 rescinded flats into the pool of HA's flats for sale under HOS 2022, HKHS will have to follow HA's major sales arrangements, including priority for flat selection, allocation ratio and quota etc. as set out in **paragraphs 22 to 34** below. On the other hand, HKHS has its own other established sales and operational practices and arrangements, which are not entirely the same as HA's^{Note 10}. We will ensure the presence of HKHS's staff in manning their sales counters during both the application and flat selection stages,

Note 10 Some of the differences in the sales and operational arrangements include – HKHS's SSFs purchaser will sign the preliminary agreement for sale and purchase (PASP) on the day of flat selection and then sign the Agreement for sale and purchase (ASP) within five working days after they sign the PASP; HKHS requires both WF and GF purchasers pay 10% of the purchase price as deposits (5% on the day of flat selection and 5% upon signing of ASP); HKHS provides a mortgage guarantee of 30% of the purchase price such that the applicants can obtain a mortgage loan up to 90% of the purchase price; Power of Attorney to authorise a family member to complete the purchase of the flat is not acceptable; owners of TPS flats within ten years from the date of assignment are not allowed to purchase HKHS's SSFs.

availability of separate enquiry hotlines for HKHS, and adoption of suitable separate publicity for HKHS's SSFs, etc.^{Note 11}

Priority for Flat Selection

22. In line with established arrangements, we **propose** that the flat selection order of eligible applicants will first be determined by the application category and quota allocation. The flat selection order of applicants within the same category will be further determined by the sequence of the last two digits of their application numbers according to the ballot results. In case the last two digits of the application numbers within the category are the same, the priority order will be randomly generated by the computer. Following the arrangement approved by SHC on 15 March 2021 regarding the sale of recovered TPS flats under GSH 2020/21 (Paper No. SHC 12/2021), the same priority setting will also apply to recovered TPS flats to be offered under HOS 2022.

23. In other words, when it comes to an eligible applicant's turn for flat selection under HOS 2022, he/she may select a HOS flat, a recovered TPS flat (for GF applicants **only**) or a HKHS's SSF subject to the quota arrangements set out in **paragraphs 27, 30 and 33** below and the availability of flats.

24. We **propose** to follow the established order of priority for flat selection as set out below –

Note 11 In view of the licensing requirements for estate agency work under the Estate Agents Ordinance (Cap. 511), HA will avoid carrying out any sales-related work in connection with HKHS's SSFs. Otherwise, HA may be perceived as acting as HKHS's agent in selling the latter's SSFs.

Priority	Category of Applicants								
1.	Family applicants living in PRH estates who are affected by HA's announced clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of HOS 2022 (i.e. Blocks 9, 10, 11 and 13 of Pak Tin Estate ^{Note 12})								
2.	Eligible family applicants who are affected by HA's announced Interim Housing (IH) clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of HOS 2022 (i.e. Shek Lei Interim Housing (SLIH) ^{Note 13})								
3.	<p>Ordinary GF and WF family applicants to select flats according to the relevant quota allocation ratio (as set out in paragraph 27 below) and in the following priority order –</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">GF Families</th> <th style="text-align: center;">WF Families</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">(1) Family applicants applying under the Priority Elderly Scheme</td> <td style="padding: 5px;">(1) Nuclear family applicants applying under the Priority Elderly Scheme</td> </tr> <tr> <td style="padding: 5px;">(2) Other family applicants</td> <td style="padding: 5px;">(2) Other nuclear family applicants</td> </tr> <tr> <td></td> <td style="padding: 5px;">(3) Non-nuclear family applicants</td> </tr> </tbody> </table>	GF Families	WF Families	(1) Family applicants applying under the Priority Elderly Scheme	(1) Nuclear family applicants applying under the Priority Elderly Scheme	(2) Other family applicants	(2) Other nuclear family applicants		(3) Non-nuclear family applicants
GF Families	WF Families								
(1) Family applicants applying under the Priority Elderly Scheme	(1) Nuclear family applicants applying under the Priority Elderly Scheme								
(2) Other family applicants	(2) Other nuclear family applicants								
	(3) Non-nuclear family applicants								
4.	One-person applicants living in PRH estates who are affected by HA's announced clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of HOS 2022 (i.e. Blocks 9, 10, 11 and 13 of Pak Tin Estate ^{Note 12})								
5.	Eligible one-person applicants who are affected by HA's announced IH clearance programme(s) and where the target clearance date(s) is/are after the launch date (application commencement date) of HOS 2022 (i.e. SLIH ^{Note 13})								
6.	Ordinary GF and WF one-person applicants to select flats according to the relevant quota allocation ratio (as set out in paragraph 27 below)								

Note 12 At the meeting on 30 August 2017, Members endorsed the clearance programmes of Blocks 9, 10, 11 and 13 of Pak Tin Estate. Members also decided that these households would be given absolute priority in flat selection in upcoming HOS sale exercise(s) if they wish to purchase HOS flats in lieu of PRH rehousing (Paper No. SHC 43/2017). Since the regularisation of GSH in 2018, the arrangements have applied to the GSH sale exercises as well. For the avoidance of doubt, tenants who were allocated to flats of Block 13 of Pak Tin Estate under Special Letting Arrangement for Vacant Flats in 2018 are not clearerees of Pak Tin Estate and hence will not be given priority in flat selection. The target clearance dates of Blocks 9, 10, 11 and 13 of Pak Tin Estate are March and May 2022 respectively.

Note 13 At the meeting on 8 December 2020, Members endorsed the rehousing and other associated arrangements for the clearance SLIH. Members also approved that if affected households with verified eligibility for public housing allocation wish to purchase HOS/GSH flats in lieu of PRH allocation, they will be accorded GF status and priority in flat selection in the upcoming HOS/GSH sale exercise(s) of HA or SSF projects of HKHS launched before the target clearance date of SLIH (Paper No. SHC 59/2020). According to the arrangements as endorsed by the then Management and Operations Committee (see Paper No. MOC 63/97) in 1997, IH households have lower priority than PRH tenants affected by HA's clearance programmes. The target clearance date of SLIH is December 2022.

25. For the avoidance of doubt, applicants currently living in HKHS's estates and are affected by HKHS's redevelopment programme will be treated as ordinary GF applicants only under HOS 2022 and will **not** enjoy the same priority status as the applicants affected by HA's PRH/IH clearance programme.

Allocation ratio and quota

Allocation quota between GF and WF applicants for HOS 2022

26. SHC approved to revise the ratio of allocation quota between GF and WF applicants to 40 : 60 for HOS 2020 ^{Note 14} (Paper No. SHC 28/2020). 236,000 applications have been received, among which 33 000 applications (14%) and 203 000 applications (86%) are from GF and WF applicants respectively. The changes in number and percentage of GF and WF applicants in recent HOS sale exercises are summarised below –

Sale Exercise	Allocation Quota between GF and WF applicants	Number of GF applicants <i>(% in terms of total number of applicants)</i> <i>(about)</i>	Number of WF applicants <i>(% in terms of total number of applicants)</i> <i>(about)</i>	Percentage of flats sold to GF applicants <i>(in terms of total number of flats sold)</i> <i>(about)</i>	Percentage of flats sold to WF applicants <i>(in terms of total number of flats sold)</i> <i>(about)</i>
HOS 2018 *	50 : 50	36 000 (13%)	236 000 (87%)	52%	48%
HOS 2019	50 : 50	47 000 (15%)	262 000 (85%)	51%	49%
HOS 2020	40 : 60	33 000 (14%)	203 000 (86%)	32%	68%

* include new applicants from re-opening of application after revision of pricing mechanism

27. As there has been no significant change in the proportion between GF and WF applicants, and taking into account the fact that there will be 4 693 new GSH flats for sale under GSH 2022 (Paper No. SHC 43/2021), we **propose** to maintain the ratio of allocation quota between GF and WF applicants at 40 : 60 for HOS 2022. According to the proposed allocation quota and based on 8 926 new HOS flats for sale under HOS 2022 and 4 693 new GSH flats for

Note 14 The quota allocation ratio between GF and WF applicants was 60 : 40 when the HOS flats sale exercise was re-launched in 2014 and changed to 50 : 50 for HOS 2016 to HOS 2019.

sale under GSH 2022, the total number of new flats for GF applicants and WF applicants will be about 8 300 and 5 400 respectively. Following established practice, we will continue to maintain the flexibility to re-allocate any remaining quota from GF queue to the WF queue and vice versa.

28. We will continue to monitor the situation and further review the allocation of quota between GF and WF in future sale exercises as appropriate.

Family Applicants under the Priority Elderly Scheme

29. While we accord priority to families applying under the Priority Elderly Scheme, the established practice is to set a quota for this category so that other families would still have a chance of buying a flat. In the HOS sale exercises since 2017, a quota of about 30% of the HOS flats for sale has been set for this category. The quota set and percentage of applicants under this category in recent HOS and GSH sale exercises are summarised below –

Sale Exercise	Quota for the Priority Elderly Scheme	Percentage of respective applicants under the Priority Elderly Scheme		
		GF applicant	WF applicant	GF and WF applicant
HOS 2018	about 30%	40%	3%	8%
GSH 2018		41%	(Not applicable)	(Not applicable)
HOS 2019		43%	4%	10%
GSH 2019		43%	(Not applicable)	(Not applicable)
HOS 2020		42%	4%	10%
GSH 2020/21		43%	(Not applicable)	(Not applicable)

30. Since there has been no significant change in the percentage of applicants under this category in recent sale exercises, we consider it reasonable to maintain the size of the quota at around 30%. Accordingly, based on 8 926 flats for HOS 2022, we **propose** to set a quota of **2 700** flats for family applicants applying under the Priority Elderly Scheme with GF and WF applicants, each taking up 40% and 60% respectively of the set quota.

31. In line with existing arrangements, once the quota set for Priority Elderly Scheme is exhausted, applicants under “Other Family Applicants” category will be invited for flat selection. If families applying under Priority Elderly Scheme fail to obtain a quota, they would still have the opportunity to purchase under the “Other Family Applicants” category. On the other hand, any unused quota for the Priority Elderly Scheme will be allocated to the “Other Family Applicants” category.

One-person Applicants

32. To enable one-person applicants a reasonable chance to purchase, we have set aside around 10% of the flats for one-person applicants in recent HOS/GSH sale exercises –

Sale Exercise	Quota for One-person applicants	Percentage of respective One-person applicants		
		GF applicant	WF applicant	GF and WF applicant
HOS 2018	About 10%	21%	62%	56%
GSH 2018		20%	(Not applicable)	(Not applicable)
HOS 2019		21%	62%	56%
GSH 2019		21%	(Not applicable)	(Not applicable)
HOS 2020		22%	62%	56%
GSH 2020/21		18%	(Not applicable)	(Not applicable)

33. Since there has been no significant change in the percentage of applicants under this category in recent sale exercises, we consider it appropriate to maintain the reservation at around 10%. Accordingly, based on 8 926 flats for HOS 2022, we **propose** to set aside **900** flats for one-person applicants, with GF ^{Note 15} and WF applicants each taking up 40% and 60% of the set quota respectively.

34. In line with existing arrangement, when there are only **900** flats remaining for selection under HOS 2022 or when the list of all family applicants is exhausted, whichever is earlier, one-person applicants will be invited for flat selection and they are allowed to buy any remaining flats (recovered TPS flats for GF applicants only) under HOS 2022. In case the quota of 900 and any remaining recovered TPS flats are not fully consumed after the list of one-person applicants is exhausted, all the remaining flats will be allocated back to the “Other Family Applicants” category.

Note 15 Including one-person applicants living in PRH/IH estates who are affected by HA’s announced PRH/IH clearance programme(s) and ordinary GF applicants.

Alienation Restrictions and Other Operational Arrangements

HOS Flats

35. Subject to Members' decision on Paper No. SHC 41/2021, the new HOS flats put up for sale under HOS 2022 will be subject to the revised alienation restrictions.

36. On the other hand, the rescinded HOS flats of Choi Wo Court and Shan Lai Court, which were first put up for sale after 2019, will be subject to the alienation restrictions approved by SHC on 16 November 2018 (Paper No. SHC 60/2018) as detailed at **Annex E1** since such alienation restrictions are already stipulated in the relevant land lease documents.

HKHS's SSFs

37. HKHS's rescinded SSFs put up for resale under HOS 2022 will be subject to the alienation restrictions stipulated in the land grants of the respective SSF developments, as detailed at **Annex E2**.

Recovered TPS Flats

38. At the SHC meeting held on 28 July 2020, Members endorsed adopting the existing TPS alienation restrictions for recovered TPS flats for sale. The alienation restrictions applicable to TPS flats are set out at **Annex E3** for reference.

39. At the meeting of 15 March 2021 (Paper No. SHC 12/2021), Members approved and noted various operational arrangements^{Note 16} for the sale of recovered TPS flats under GSH 2020/21. These operational arrangements are still applicable to the sale of recovered TPS flats under HOS 2022.

Publicity Arrangements

40. While Divisions 2 to 8 of Part 2 of the Residential Properties (First-hand Sales) Ordinance (Cap. 621) (the Ordinance) do not apply to developments constructed by HA, HA has been complying with the provisions as far as

Note 16 Including quota arrangement (that is, quota setting not applicable to recovered TPS flats), selling on an "as-is" basis, flat viewing arrangement, co-ownership and deletion policy, and deposit and conveyancing arrangements.

practicable. As the Ordinance is applicable to the sale of first-hand residential properties by HKHS, HKHS must comply with the requirements under the Ordinance in the publicity arrangements for its SSFs.

41. To observe specific requirements relating to advertisements for the sale of first-hand residential properties under the Ordinance, HA and HKHS will arrange separate advertisements, posters and other publicity materials. We **propose** the following established publicity arrangements for HOS flats ^{Note 17} and recovered TPS flats ^{Note 18} to be offered under HOS 2022 –

- (a) providing doll houses and virtual videos ^{Note 19} of typical flats and building models/artist's impressions ^{Note 20} on the new HOS developments, exhibition panels and other information on the HOS

Note 17 Divisions 2 to 8 of Part 2 of the Residential Properties (First-hand Sales) Ordinance (Cap. 621) regulate arrangements relating to Sales Brochure; Price List; Show flats for Uncompleted Development or Phase; Viewing of Property in Completed Development or Phase; Sales Arrangements and Other Information; Preliminary agreement and Agreement for sale and purchase; and Register of Transactions for the sale of first-hand residential properties.

Note 18 Section 10(3) of the Residential Properties (First-hand Sales) Ordinance (Cap. 621) stipulates that the Ordinance does not apply to completed residential developments where at least 95% of the residential properties therein has been held under a tenancy (other than a Government lease) for a continuous period of at least 36 months, or for several periods that in the aggregate equal at least 36 months, since the issue of the occupation permit. The 39 TPS estates were completed between 1982 and 1994, and at least 95% of the number of the units in the estates have been held under tenancy for a continuous period of at least 36 months or for several periods that in the aggregate equal at least 36 months since occupation. Notwithstanding the above, as in the case of the sale of other SSF, HA will sell TPS flats in accordance with the principle of transparency as reflected in the Ordinance and follow the requirements as set out in the Ordinance as far as practicable.

Note 19 Virtual videos of unmodified and modified flat of selected flat types of the new HOS developments will be provided using the Building Information Modeling technology.

Note 20 Due to the tight sales preparation schedule, the building models of some of the new HOS developments (including Kei Wah Court at North Point, Kwun Shan Court at Ma Tau Kok and Chiu Ming Court at Tseung Kwan O) will not be available during the application period for HOS 2022 tentatively scheduled for Q1 2022. As an alternative, we will provide artist's impressions showing the exterior of these developments during application stage. Building models of these developments will be made available during the flat selection period at HA Customer Service Centre (HACSC).

developments and TPS estates at HACSC at Lok Fu ^{Note 21} and on HA/HD's designated websites starting seven days before the commencement and up to the end of the application period as well as starting seven days before commencement of the flat selection period;

- (b) in respect of recovered TPS flats, providing photos of the interior of samples of recovered TPS flats starting seven days before the commencement and up to the end of the application period; and providing photos and video clips of the interior of all the recovered TPS flats for sale starting seven days before commencement of the flat selection period at HACSC ^{Note 24} and on HA/HD's designated websites; and
- (c) adopting the established "two-stage" approach for distribution of sales materials to the public and prospective purchasers. In short, sales booklets for new HOS flats (and sales leaflets for rescinded HOS flats and recovered TPS flats) providing sales arrangements, basic information of the developments/estates will be made available to the public and viewing on HA/HD's designated websites starting seven days before the commencement and up to the end of the application period. Sales brochures for new and rescinded HOS flats (and sales pamphlets for recovered TPS flats) covering greater details of the developments/estates and price lists will be made available for public collection and viewing on HA/HD's designated websites starting seven days before commencement of the flat selection period.

42. As the Ordinance is applicable to the sale of first-hand residential properties by HKHS, HKHS must comply with the requirements under the Ordinance in the sales arrangements for its SSFs. HKHS will provide their own publicity arrangement for their 27 rescinded flats.

Note 21 Depending on the situation of the pandemic, the opening of the area at HACSC for exhibition of doll house(s), building model(s), exhibition panel(s) and other information as well as the scale of exhibition may be suitably adjusted to control the flow of people.

WSM 2022

Annual Quota and Allocation Ratio

43. The quota for WSM 2020 was increased to 4 500 (3 000 for WSM 2019). The number of applications received for WSM 2020 were about 117 000, representing an over-subscription of 25 times. The average quota utilisation rate for WSM 2019 was 51% bearing in mind the sluggish economic condition under the pandemic ^{Note 22}. A summary of WSM 2018, 2019 and 2020 is set out below –

	WSM 2018	WSM 2019	WSM 2020
No. of applications	61 000	134 000	117 000
No. of quota	2 500	3 000	4 500
Over-subscription rate	23 times	44 times	25 times
Average quota utilisation rate	59%	51%	40% ^{Note 23}

44. Taking into account the persistent strong demand from WF applicants under WSM 2020, we **propose** to maintain the quota for WSM 2022 at 4 500, and the allocation ratio for family and one-person applicants at 9:1. The same eligibility criteria for HOS 2022, including the income and asset limits as well as restrictions on domestic property ownership, etc. will continue to be applicable to WSM 2022.

Streamlined Application Arrangement

45. Similar to WSM 2020, WSM 2022 will be launched together with HOS 2022. A single application form will continue to be used as in 2020 to cover the two schemes. Applicants may choose to apply for HOS or WSM only or both. Separate balloting will be conducted to determine the priority for flat selection for HOS 2022 and the allocation of quotas under WSM 2022.

Note 22 Under the WSM, successful applicants will be invited to apply for a Certificate of Eligibility to Purchase (CEP) before they can purchase flats in the HOS Secondary Market. Owing to the COVID-19 epidemic, Members approved to grant a one-off extension of the validity period of WF CEP issued under the WSM 2019 (for holders who have not been issued with a Letter of Nomination) until 30 April 2021 (Paper No. SHC 54/2020).

Note 23 Position as at end October 2021.

Alienation Restrictions for WSM Buyers

46. Alienation restrictions approved by Members at the meeting on 15 March 2019 will continue to apply to WSM 2022 ^{Note 24}.

Tentative Timing

47. Taking into account time needed for preparatory work, in particular time needed for completion of relevant land leases, we expect the application for HOS 2022 would commence in the first quarter of 2022. The tentative timing of the key activities of HOS 2022 and WSM 2022 is as follows –

Activities	Tentative Timing	
	HOS 2022	WSM 2022
Commencement of application	Q1 2022 (joint application)	
Ballot	Q2 2022 (separate ballot but on same day)	
Commencement of flat selection	Q4 2022	
Issue Approval Letters to eligible applicants to apply Certificate of Eligibility to Purchase (CEP)		Q4 2022

48. Upon balloting of both WSM and HOS in the second quarter of 2022, applicants who have concurrently applied for both schemes will know whether they have succeeded in securing a quota under WSM and their priority under HOS. They can then choose either to purchase new HOS flats in the fourth

Note 24 Apart from the alienation restrictions applicable to the relevant SSFs, WSM buyers are also subject to additional alienation restrictions. SHC approved on 15 March 2019 (Paper No. SHC 16/2019) the following alienation restrictions for WSM –

- (a) re-affirm that a WSM buyer who has purchased a flat in the Secondary Market is not allowed to sell the flat in the Secondary Market within the first two years of the transaction **except**
- (b) if the flat purchased by a WSM buyer is a flat first sold under HOS 2019 or subsequent sale exercises, then the WSM buyer may sell the flat in the Secondary Market in the first two years of transaction under special circumstances and with the prior approval of the Director of Housing. Such special circumstances include, but are not limited to, bankruptcy, a significant drop in household income resulting in difficulties in making mortgage repayment, etc.

quarter of 2022 when the flat selection commences *or* to apply for a CEP to buy flats in the Secondary Market under WSM in the fourth quarter of 2022 when the approval letters are issued. In line with previous practice, the CEP under WSM 2022 would only be issued after the expiry of their CEP under WSM 2020 so that no successful applicant will hold two CEPs at the same time.

Application Fees

49. Applicants will be required to pay a one-off and non-refundable fee upon application of HOS 2022, WSM 2022 or both. The application fee of HOS and WSM are charged on a cost-recovery basis as a matter of principle. Accordingly, we **propose** to set the application fees for HOS 2022 at \$250 for HOS 2022 only, \$210 for WSM 2022 only, and \$460 for both.

Online Application

50. We will continue to provide online application (including e-application, e-payment and e-notification), in addition to the paper submission channels (paper form, either in person or by post) in HOS 2022 and WSM 2022.

Carry-over Application Arrangements for GF Applicants

51. Members endorsed in 2019 the regularisation of the carry-over arrangement for GF applicants, under which each GF applicant under HOS may opt to participate in the next SSF exercise without having to submit a separate application and pay the application fee for that next SSF exercise (Paper No. SHC 16/2019).

52. There are around 32 000 GF applicants (about 97% of the total number) under HOS 2020 who have indicated their consent to carry over their applications to the next SSF sale exercise (i.e. GSH 2020/21). Since the arrangement is well received by GF applicants, the same arrangement will be adopted for GF applicants of HOS 2022 (i.e. those GF applicants opt for carry-over their applications in their HOS 2022 application will not be required to apply for GSH 2022 again).

FINANCIAL AND STAFFING IMPLICATIONS

53. The total sales proceeds for the sale of the 8 926 flats of the seven new HOS developments and 14 rescinded flats from HOS 2020 are estimated to

be about \$23,040 million. After deducting the estimated total costs ^{Note 25} at about \$12,584 million, and assuming all flats will be sold, the operating surplus for HOS 2022 is estimated to be \$10,456 million. It should be noted that the total sales proceeds will be subject to the finalised number of rescinded HOS flats and recovered TPS flats to be offered for sale under HOS 2022.

54. HA will shoulder all work relating to the processing of applications received under HOS 2022. Any operating costs arisen from joint application with HKHS will be recovered from the application fees income.

55. There will be additional manpower requirement for the preparation of various sales publicity materials. We will employ specialised contractor to assist and make use of supplementary workforce (i.e. body-shopped personnel and HA term staff) to cope with the additional workload if required.

INFORMATION TECHNOLOGY IMPLICATIONS

56. We will enhance the existing computer systems related to the operation of SSF and TPS ^{Note 26} to cater for the subject sale of HOS flats and recovered TPS flats. There will also be further enhancement to cater for the joint application exercise with HKHS.

LEGAL IMPLICATIONS

57. For the sale of HOS flats, there is no legal implication as far as compliance with Divisions 2 to 8 of Part 2 of the Ordinance (which relates to sales practices) is concerned since this part of the Ordinance does not apply to developments constructed by HA. However, HA has to comply with the requirements under Part 3 of the Ordinance relating to advertisements. Part 4 of

Note 25 For HOS flats, the major estimated costs include development costs (i.e. construction and overhead costs) and land costs at 35% of the development costs. For recovered TPS flats, development costs refer to the net book value of the PRH units concerned and land cost is calculated at 35% of the original cost of the PRH units. For both types of flats, the estimated total costs also include administration overheads and sales related expenditures (including printing, advertisements, publicity, consultancy, etc.) whereas pre-management expenses are applicable to HOS only.

Note 26 The systems include Subsidised Sale Flats System, e-Services of SSF Schemes, Housing Authority Sales and Subsidies System and Tenants Purchase Scheme Property Register System.

the Ordinance, which covers misrepresentation and dissemination of false or misleading information, is also applicable to HA.

58. For the recovered TPS flats, there is no legal implication as far as compliance with the Ordinance is concerned since the Ordinance does not apply to the sale of these flats.

59. As the Ordinance is applicable to the sale of first-hand residential properties by HKHS, HKHS must comply with the requirements under the Ordinance in the sales arrangements for its SSFs.

PUBLIC REACTION AND PUBLICITY

60. Given the variety of locations of the new HOS developments and that the sale of recovered TPS flats can help meet the home ownership aspiration of Green Form applicants, we expect applicants will welcome these sale exercises. It will attract interest from the media and the public. Moreover, it is expected that the general public will welcome the joint application exercise with HKHS, as they may now apply different SSF schemes, including HOS, HKHS's SSFs, WSM and recovered flats under TPS, by submitting a single application.

61. A press release on the provisional average selling prices and sales arrangements for HOS 2022, as well as arrangements of WSM 2022 will be issued upon SHC's approval (together with arrangements for GSH 2022). Further press release will be issued prior to the commencement of application for HOS 2022 in the first quarter of 2022. If the discount rate is adjusted after the finalisation of saleable areas of individual flats as mentioned in **paragraph 14**, we will issue another press release on the finalised discount rate and average selling prices. Dedicated websites will be created to facilitate promotion of the HOS developments and recovered TPS flats to be put up for sale. Other channels including newspaper and radio advertisements as well as posting messages on HA Facebook and Instagram will be deployed. HA and HKHS will release publicity material separately but starting from the same time.

DECLASSIFICATION

62. We **recommend** that this paper be declassified after the meeting. The paper will be made available to the public at the HA homepage, HD's library and through the Departmental Access to Information Officer if it is declassified.

DISCUSSION

63. At the meeting to be held on 22 December 2021, Members will be invited to endorse the recommendations as set out in **paragraph 2** above.

Lennon WONG
Secretary, Subsidised Housing Committee
Tel. No.: 2761 5033
Fax No.: 2761 0019

File Ref. : HD4-1/EST/1-55/1
(Strategy Division)
Date of Issue : 17 December 2021

New Flats for Sale under HOS 2022

Development/ Location	Saleable Area* (about)		Number of flats (% in terms of the total number of flats)	Estimated Material Date#
	(sq. m.)	(sq. ft.)		
Yu Nga Court (裕雅苑) Yi Tung Road Tung Chung	25.3 – 25.7	272 – 277	480 (14%)	30 September 2022
	34.5 – 35.2	371 – 379	1 140 (35%)	
	40.3 – 40.9	434 – 440	900 (27%)	
	51.6	555	780 (24%)	
Total			3 300	
Yu Tak Court (愉德苑) On Muk Street Sha Tin	26.1 – 27.3	281 – 294	150 (28%)	31 May 2023
	35.7 – 36.8	384 – 396	222 (41%)	
	42.5 – 43.0	457 – 463	171 (31%)	
Total			543	
Kei Wah Court (驥華苑) Tin Chiu Street North Point	26.0 – 27.7	280 – 298	93 (38%)	31 July 2024
	35.2 – 36.2	379 – 390	124 (50%)	
	42.5	457	31 (12%)	
Total			248	
Kwun Shan Court (冠山苑) Ko Shan Road Ma Tau Kok	26.1 – 30.6	281 – 329	231 (47%)	30 November 2024
	35.2 – 41.5	379 – 447	264 (53%)	
Total			495	

* The saleable areas of individual flats are to be finalised.

According to the Residential Properties (First-hand Sales) Ordinance (the Ordinance) (Cap. 621), if the development is an uncompleted development, the “estimated material date” for the development has to be stated in the sales brochures, ASP and advertisements. In the case of HOS developments, the “material date” refers to the date on which the development is completed in all respects in compliance with the approved building plans. According to the mandatory provisions in ASP as required by the Ordinance, HA will apply in writing for the Occupation Permit (OP) from the Independent Checking Unit (ICU) of the Office of the Permanent Secretary for Transport and Housing (Housing) within 14 days after the material date and will notify purchasers in writing within six months after the date of OP that HA is in a position validly to assign the flats to the purchasers. The sale and purchase of the flats will be completed within 14 days after the date of such notification.

New Flats for Sale under HOS 2022 (Cont'd)

Development/ Location	Saleable Area* (about)		Number of flats (% in terms of the total number of flats)	Estimated Material Date[#]
	(sq. m.)	(sq. ft.)		
On Sau Court (安秀苑) On Yu Road, Kwun Tong	25.9 – 27.4	279 – 295	528 (28%)	30 November 2024
	34.8 – 36.8	375 – 396	983 (51%)	
	41.9 – 44.5	451 – 479	395 (21%)	
Total			1 906	
Chiu Ming Court (昭明苑) Chiu Shun Road Tseung Kwan O	26.3 – 27.6	283 – 297	228 (39%)	30 September 2024
	35.6 – 37.5	383 – 404	328 (55%)	
	42.8	461	38 (6%)	
Total			594	
Kai Yan Court (啟欣苑) Muk Lai Street Kai Tak	17.3 – 17.6	186 – 189	320 (17%)	31 December 2024
	26.2 – 28.0	282 – 301	560 (31%)	
	35.1 – 35.9	378 – 386	520 (28%)	
	41.5 – 41.6	447 – 448	440 (24%)	
Total			1 840	
Total New HOS Flats under HOS 2022			8 926	

* The saleable areas of individual flats are to be finalised.

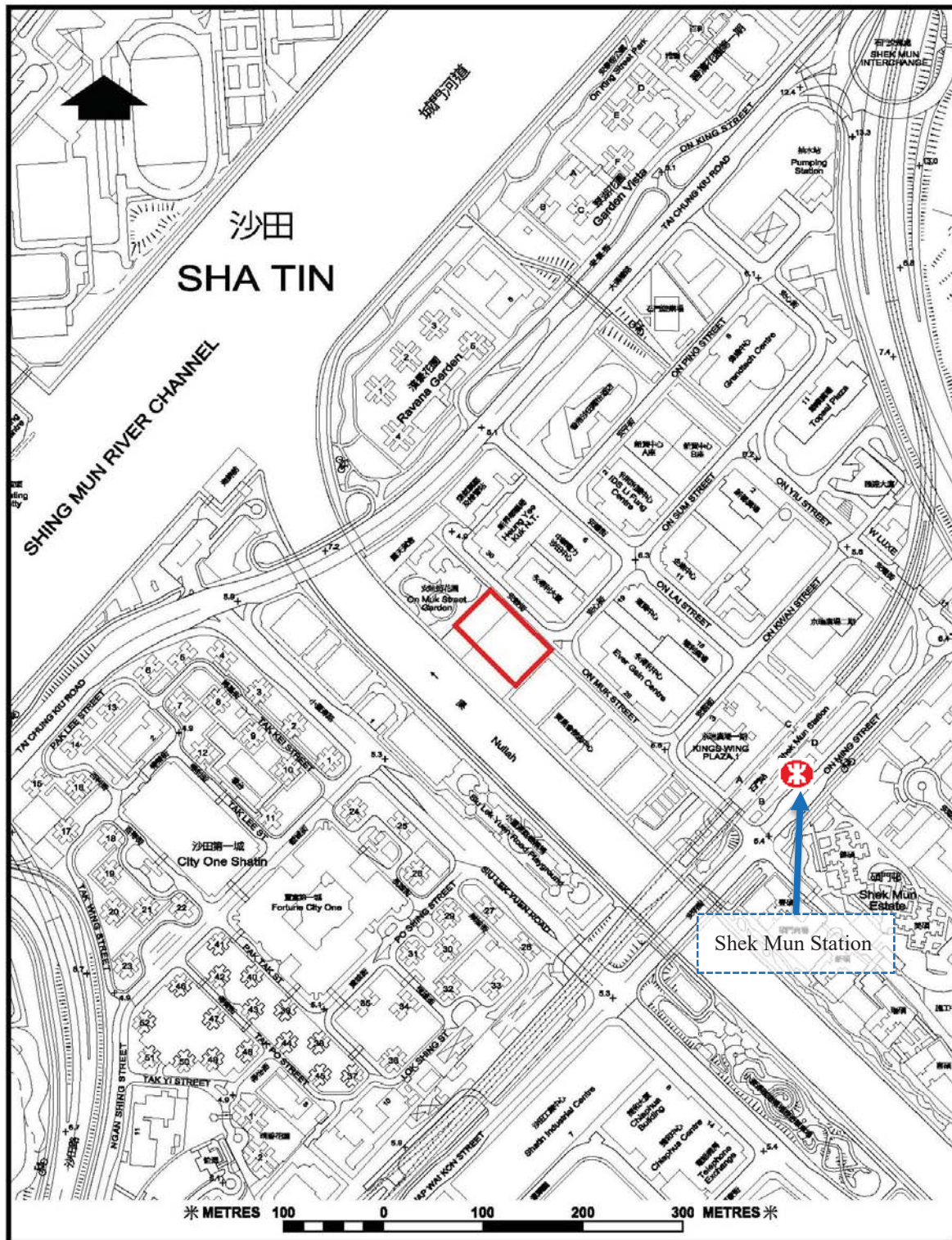
According to the Residential Properties (First-hand Sales) Ordinance (the Ordinance) (Cap. 621), if the development is an uncompleted development, the “estimated material date” for the development has to be stated in the sales brochures, ASP and advertisements. In the case of HOS/GSH developments, the “material date” refers to the date on which the development is completed in all respects in compliance with the approved building plans. According to the mandatory provisions in ASP as required by the Ordinance, HA will apply in writing for the Occupation Permit (OP) from the Independent Checking Unit (ICU) of the Office of the Permanent Secretary for Transport and Housing (Housing) within 14 days after the material date and will notify purchasers in writing within six months after the date of OP that HA is in a position validly to assign the flats to the purchasers. The sale and purchase of the flats will be completed within 14 days after the date of such notification.

Location Plan for Yu Nga Court, Tung Chung



本圖則取自圖則分區計劃大綱圖編號
BASE EXTRACTED FROM SHT. NO. 9-SE-1A, 9-SE-1B, 9-SE-1C, 9-SE-1D, 9-SE-1A & 9-SE-1B

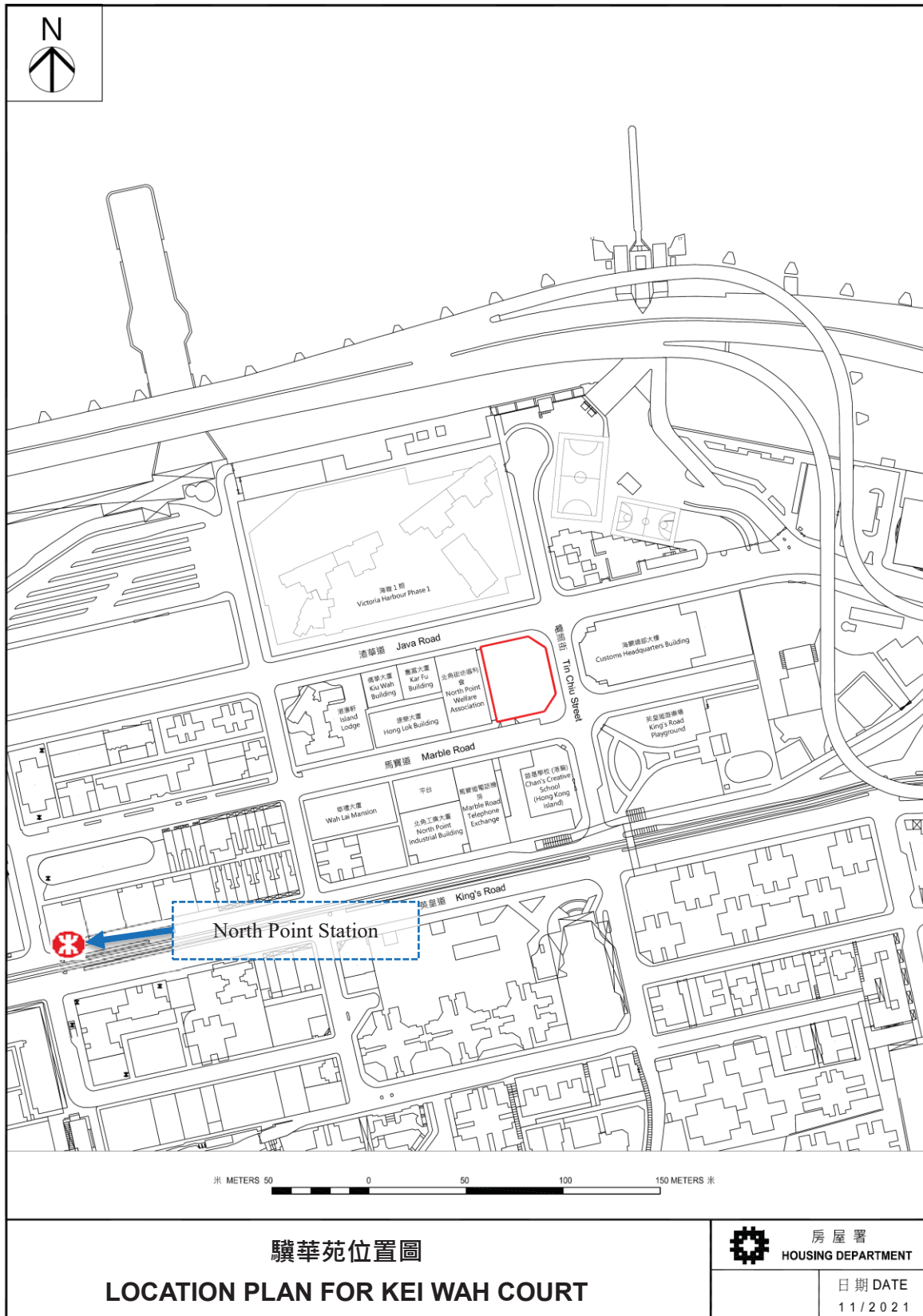
Location Plan for Yu Tak Court, Sha Tin



<p>愉德苑位置圖 LOCATION PLAN FOR YU TAK COURT</p>	<p>房屋署 HOUSING DEPARTMENT</p>
	<p>日期 DATE: 23. 6. 2021</p>

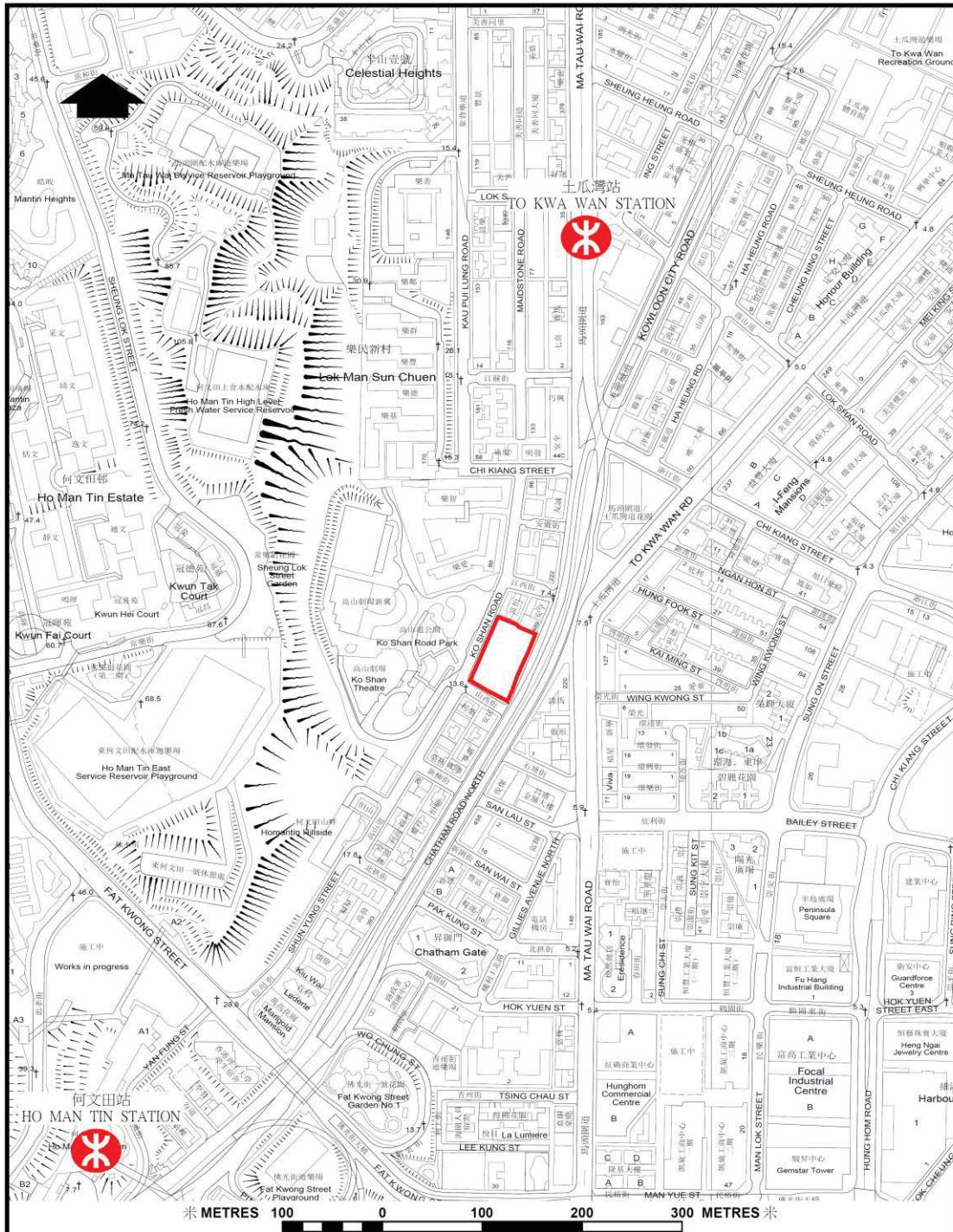
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BASE EXTRACTED FROM SHT. No. 7-SE-A

Location Plan for Kei Wah Court, North Point



本圖則取自圖則/分區計劃大綱圖編號: 11-SE-1D 及 11-SE-2C
BASE EXTRACTED FROM SURVEY SHEET NO. 11-SE-1D & 11-SE-2C

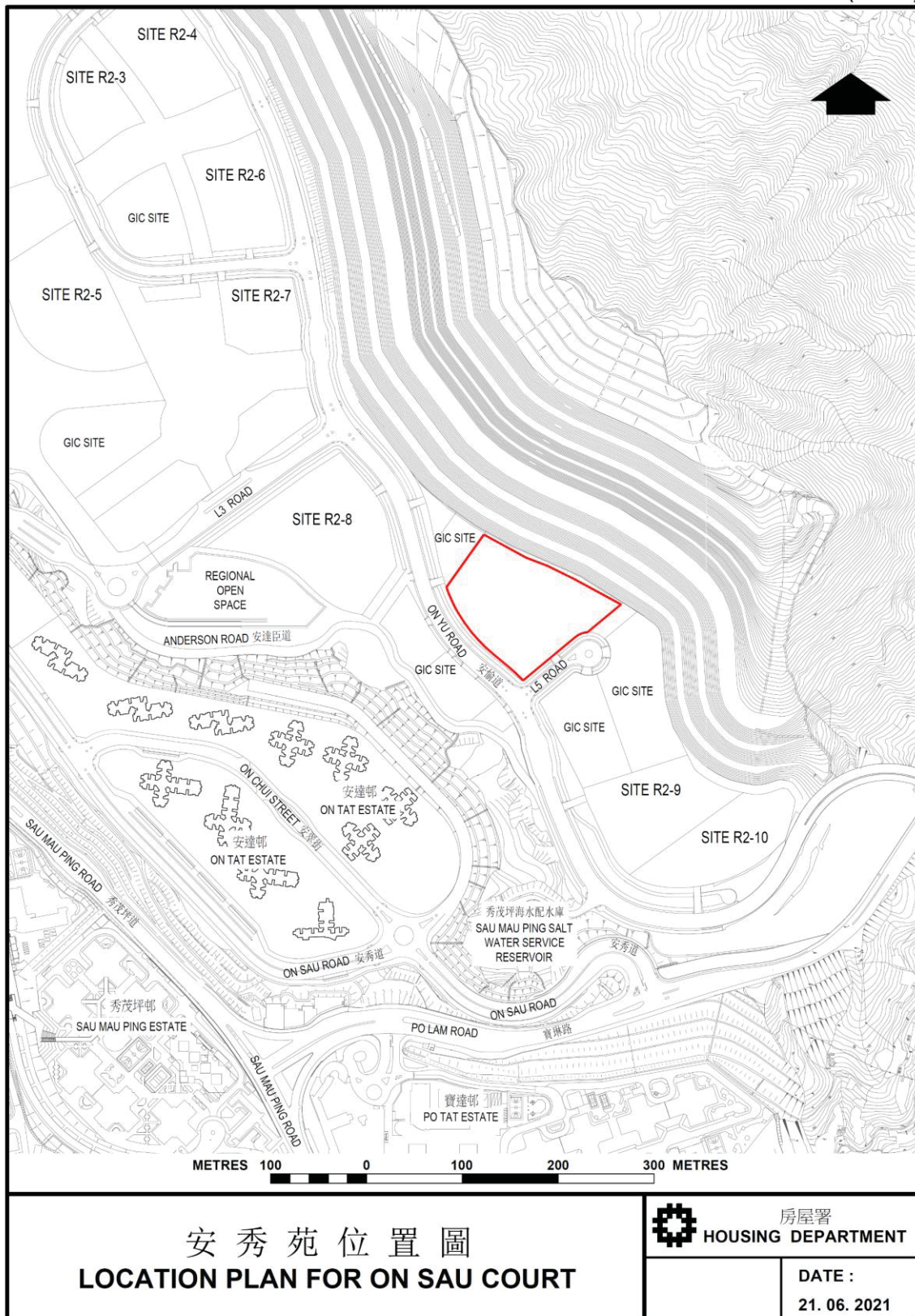
Location Plan for Kwun Shan Court, Ma Tau Kok



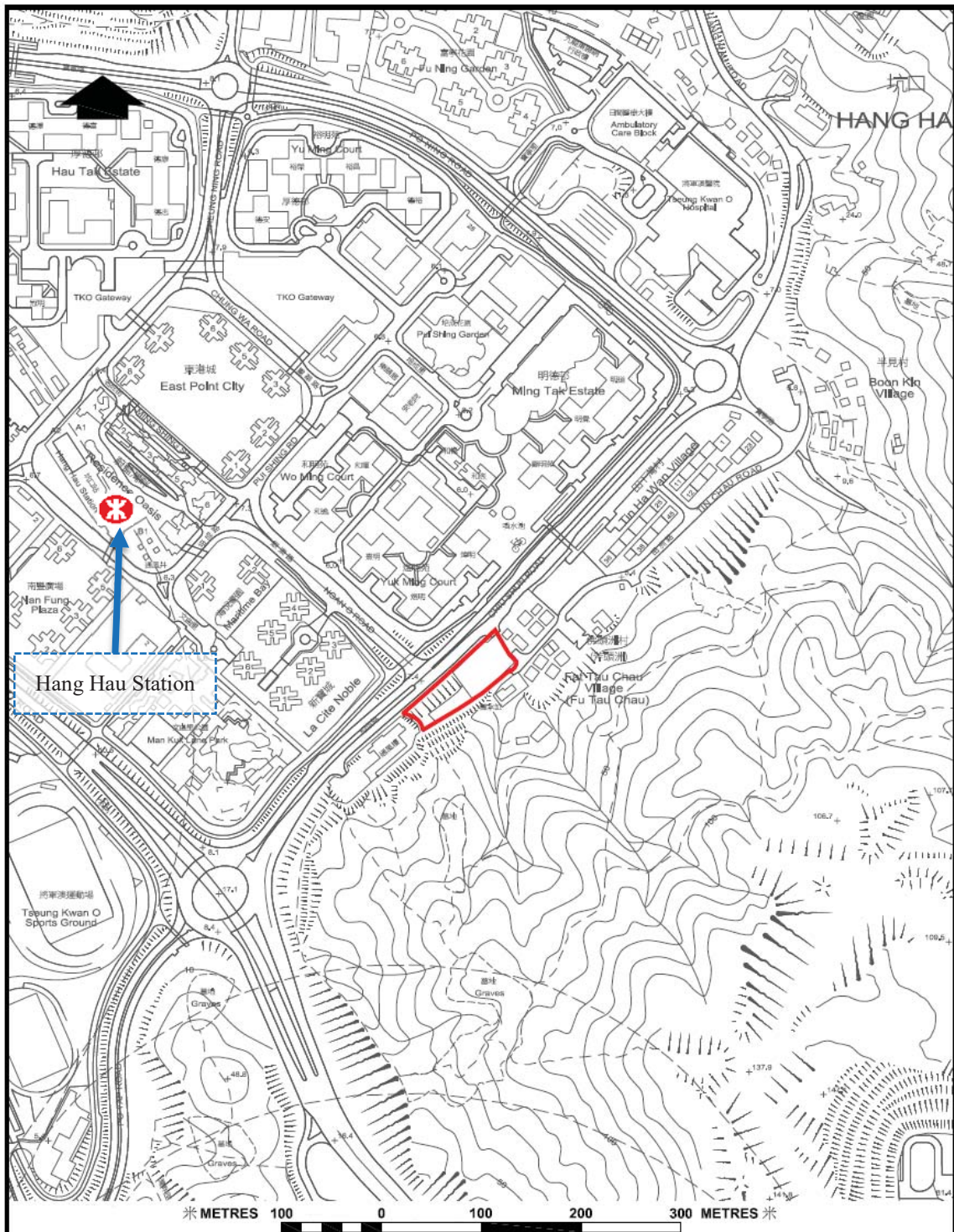
<p>冠山苑位置圖</p> <p>LOCATION PLAN FOR KWUN SHAN COURT</p>	<p>房屋署 HOUSING DEPARTMENT</p>
	<p>日期 DATE:</p> <p>28. 10. 2021</p>

本圖則取自圖則/分區計劃大綱圖編號: 11-NW-D
 BASE EXTRACTED FROM SHT. No. 11-NW-D 21_0709KLN

Location Plan for On Sau Court, Kwun Tong



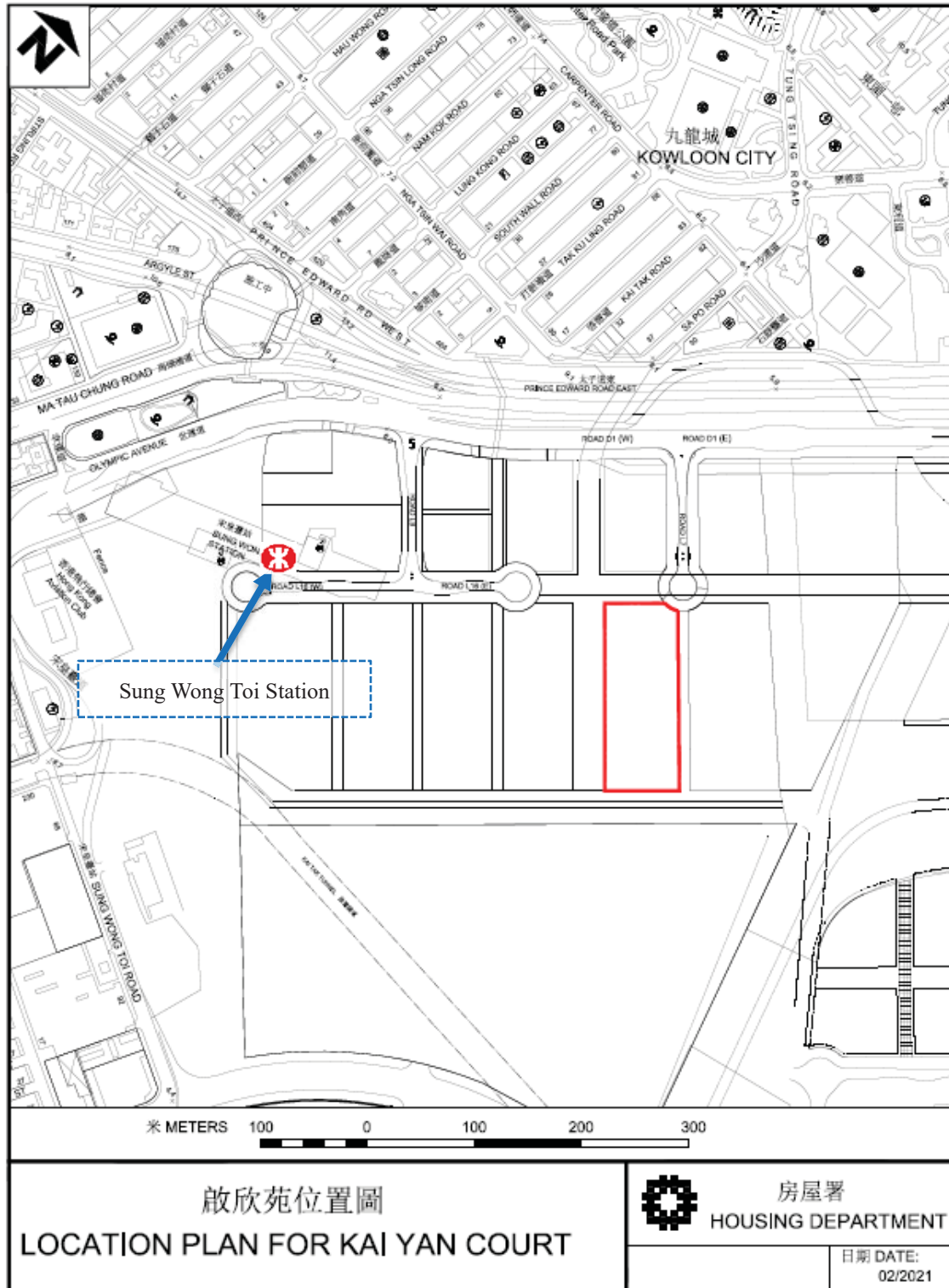
Location Plan for Chiu Ming Court, Tseung Kwan O



<p>昭明苑位置圖</p> <p>LOCATION PLAN FOR CHIU MING COURT</p>	<p>房屋署 HOUSING DEPARTMENT</p>
	<p>日期 DATE: 25. 10. 2021</p>

本圖則取自圖則/分區計劃大綱圖編號: 12-NW-C
BASE EXTRACTED FROM SHT. No. 12-NW-C

Location Plan for Kai Yan Court, Kai Tak



本圖則取自圖則分區計劃大綱圖編號：11-NE-C
BASE EXTRACTED FROM SURVEY SHEET NO.11-NE-C

**Rescinded HOS Flats for Resale under HOS 2022
(As at 30 November 2021)**

Development/Location	Number of flats	Saleable Area (about)		Date of Occupation Permit
		(m ²)	(sq. ft.)	
Choi Wo Court (彩禾苑) Wo Sheung Tun Street Shatin	1	47.2	508	14 August 2020
Shan Lai Court (山麗苑) Lung Ma Road Fanling	13	25.8 – 41.6	278 - 448	15 November 2021
Total	14			

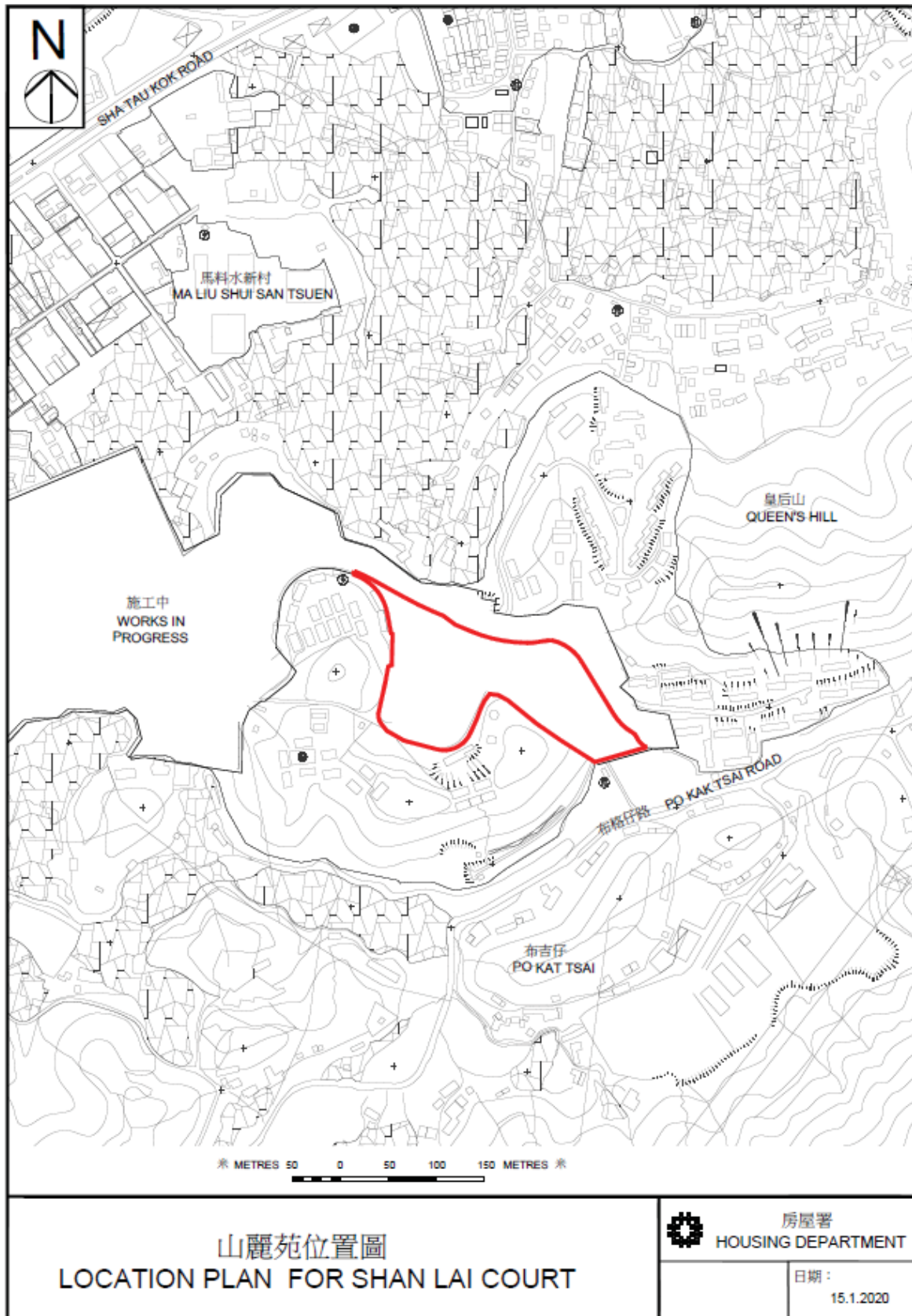
Note The above rescinded flats and any rescinded flats as identified up to about two months before commencement of flat selection will be included for resale in HOS 2022.

Location Plan for Choi Wo Court, Sha Tin



本圖則取自圖則/分區計畫大綱圖編號: 7-SW-10B & 7-SE-6A
BASE EXTRACTED FROM SHT. NO. 7-SW-10B & 7-SE-6A

Location Plan for Shan Lai Court, Fanling



BASE EXTRACTED FROM SHT. NO. 3-SW-8B & 3-SW-9A

**Hong Kong Housing Society's
Rescinded Subsidised Sale Flats for Resale under HOS 2022**

Development/ Location	Number of Flats available for resale	Saleable Area (about)		Completion Year
		(m ²)	(sq. ft.)	
Mount Verdant (翠嶺峰) Chui Ling Road Tseung Kwan O	6	25.2– 63.6	271 – 685	2019
Terrace Concerto (翠鳴臺) Ming Kum Road Tuen Mun	10	27.5 – 46.7	296 – 503	2020
Greenhill Villa (綠怡雅苑) Siu Lek Yuen Road Sha Tin	11	34.9 – 68.8	376 - 741	2020
Total	27			

Location Plan for Mount Verdant, Tseung Kwan O



Subsidised Sale Flats Development
Mount Verdant (翠嶺峰)

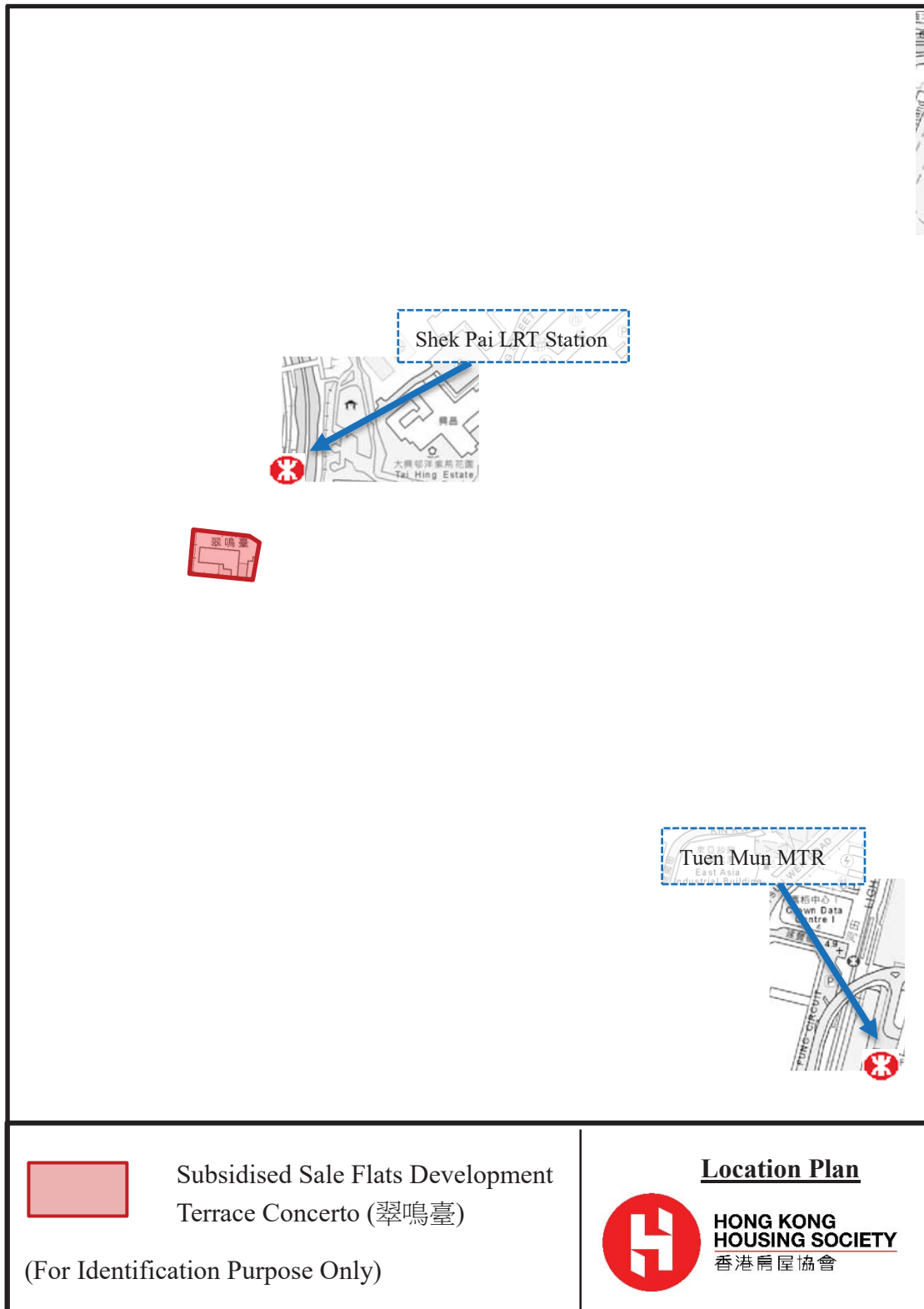
(For Identification Purpose Only)

Location Plan



HONG KONG
HOUSING SOCIETY
香港房屋協會

Location Plan for Terrace Concerto, Tuen Mun



Subsidised Sale Flats Development
Terrace Concerto (翠鳴臺)

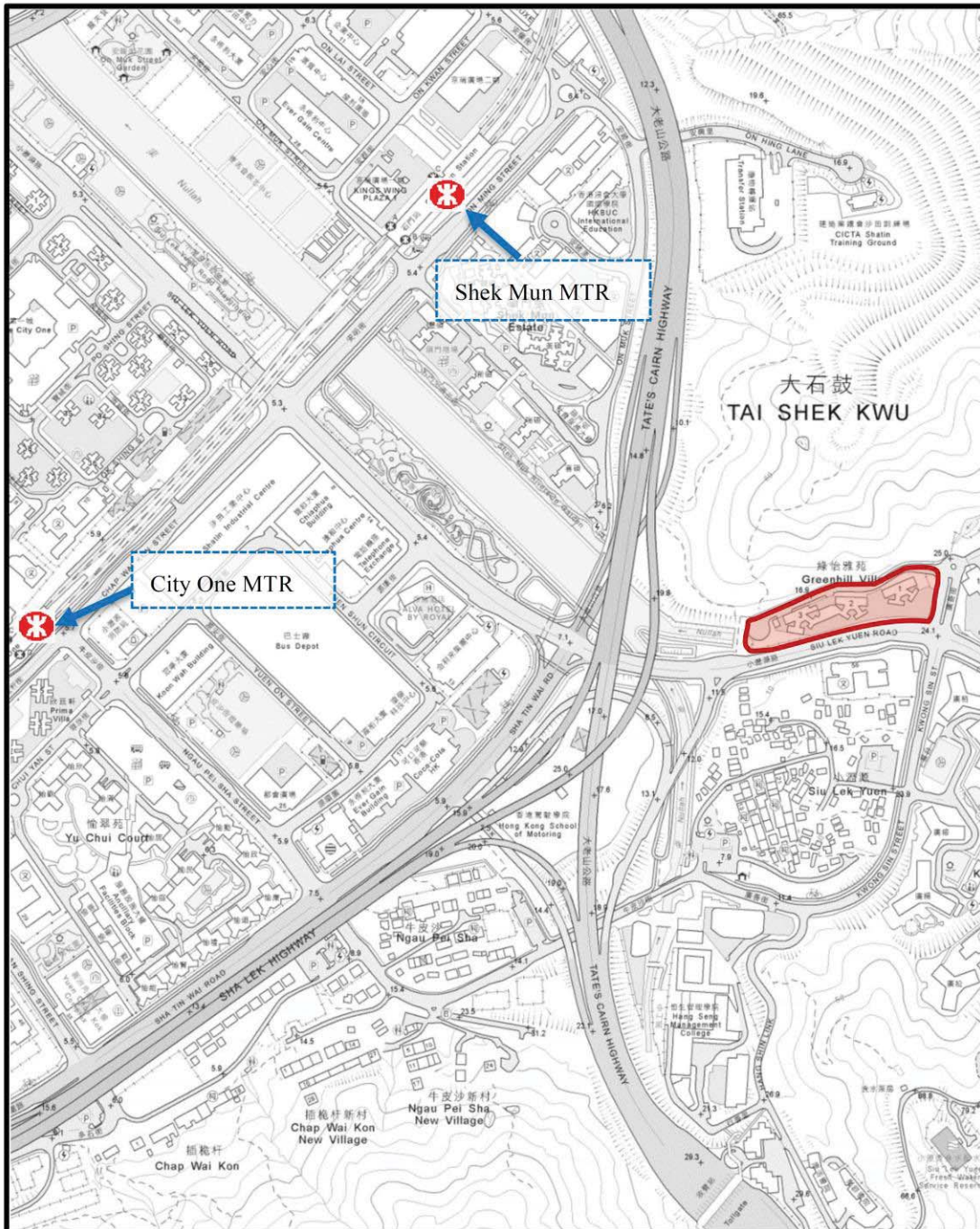
(For Identification Purpose Only)

Location Plan



**HONG KONG
HOUSING SOCIETY**
香港房屋協會

Location Plan for Greenhill Villa, Sha Tin



Subsidised Sale Flats Development
Greenhill Villa (綠怡雅苑)

(For Identification Purpose Only)

Location Plan



HONG KONG
HOUSING SOCIETY
香港房屋協會

**Proposed Provisional Average Selling Prices
for New Developments under HOS 2022**

Development/ Location	Assessed Average Market Value <i>(on saleable area)</i>	Proposed Provisional Average Selling Price at 49% discount <i>(on saleable area)</i>	Range of Proposed Provisional Selling Prices <i>(for Members' reference only)</i>
Yu Nga Court Tung Chung	\$121,000/m ² (\$11,240/ft ²)	\$61,710/m ² (\$5,730/ft ²)	\$1.30M - \$3.55M
Yu Tak Court Shatin	\$143,000/m ² (\$13,290/ft ²)	\$72,930/m ² (\$6,780/ft ²)	\$1.74M - \$3.37M
Kei Wah Court North Point	\$210,000/m ² (\$19,510/ft ²)	\$107,100/m ² (\$9,950/ft ²)	\$2.48M - \$5.31M
Kwun Shan Court Ma Tau Kok	\$162,000/m ² (\$15,050/ft ²)	\$82,620/m ² (\$7,680/ft ²)	\$1.88M - \$3.64M
On Sau Court Kwun Tong	\$139,000/m ² (\$12,910/ft ²)	\$70,890/m ² (\$6,590/ft ²)	\$1.53M - \$3.25M
Chiu Ming Court Tseung Kwan O	\$146,000/m ² (\$13,560/ft ²)	\$74,460/m ² (\$6,920/ft ²)	\$1.69M - \$3.35M
Kai Yan Court Kai Tak	\$180,000/m ² (\$16,720/ft ²)	\$91,800/m ² (\$8,530/ft ²)	\$1.24M - \$4.79M

**Proposed Provisional Average Selling Prices
for HOS Developments with Rescinded Flats for Resale under HOS 2022**

Development/ Location	Assessed Average Market Value <i>(on saleable area)</i>	Proposed Provisional Average Selling Price at 49% discount <i>(on saleable area)</i>
Choi Wo Court Sha Tin	\$135,000/m ² (\$12,540/ft ²)	\$68,850/m ² (\$6,400/ft ²)
Shan Lai Court Fanling	\$98,000/m ² (\$9,100/ft ²)	\$49,980/m ² (\$4,640/ft ²)

Note Assessed Average Market Value and Provisional Average Selling Price above are for the whole development. Additional flat(s) approved for rescission up to about two months before commencement of flat selection of HOS 2022 will be included in HOS 2022. The selling prices of individual resale flats (including additional rescinded flat(s), if any) will be worked out based on the finalised discount and average selling prices and detailed in the price list to be made available to the public and prospective purchasers before flat selection.

Adjusted Replacement Cost Approach for TPS Flats

TPS flats sold to sitting tenants are priced based on the Adjusted Replacement Cost (ARC) approach.

2. Under this approach, the **average list prices** of TPS flats of a particular block type in an estate are set based on the current replacement cost, which include –

- building costs (including major electrical and mechanical improvement costs),
- project management cost,
- funding cost, and
- land cost payment to the Government,

with adjustments to reflect **age**^{Note 1} and **geographical location**.

3. Based on the average list prices, we will assess **the list prices of individual TPS flats** with regard to various factors affecting the values of individual flats such as –

- floor level,
- orientation,
- view, and
- environment and flat layout, etc.

4. The list prices of individual TPS flats are currently reviewed and adjusted every two years^{Note 2}.

Note 1 The age of TPS flats ranges from 27 to 39 years.

Note 2 Following the approved arrangements, upon completion of each biennial review of list prices, a Chief Estate Surveyor (CES) would seek the approval of the list prices by the Permanent Secretary for Transport and Housing (Housing) under the delegated authority of the Chief Executive under the Housing Ordinance (Cap. 283). The then Home Ownership Committee (HOC) previously approved the operational arrangements to include the delegation of the authority to a CES for determination of the sales prices based on the established pricing principles under each review (Paper Nos. HOC 105/99 and HOC 96/2001).

**Alienation Restrictions of HA's SSF put up for sale in 2019 and onwards
(vide Paper No. SHC 60/2018)**

The SHC approved on 16 November 2018 the revised alienation restrictions to be set out in the Government lease for SSF sales from 2019 onwards as follows (Paper No. SHC 60/2018) –

(a) Resale in the open market upon payment of premium

- HOS and GSH owners may re-sell in the open market after ten years from first assignment upon payment of premium;

(b) Resale in the Secondary Market (i.e. without payment of premium)

First two years from first assignment

- HOS and GSH owners may re-sell in the Secondary Market at no more than the original price to categories of buyers* specified by HA;

From the third year from first assignment

HOS and GSH owners may re-sell in the Secondary Market at freely negotiated prices to categories of buyers* specified by HA.

* For HOS, eligible buyers are GF and WF applicants (i.e. successful WF applicants under the WSM). For GSH, eligible buyers are GF applicants only. In future, HA may vary such specifications as necessary.

**Alienation Restrictions applicable to
Hong Kong Housing Society's (HKHS)
Subsidised Sale Flats (SSFs) to be offered under HOS 2022**

All HKHS' SSFs to be sold under HOS 2022 (i.e. the 27 rescinded flats under Mount Verdant, Terrace Concerto and Greenhill Villa) are subject to certain alienation restrictions which are stipulated in the land grant of the respective developments. Salient points are listed as follows –

From the date of first assignment (year) ^{Note 1}	Open market/Buyback by HKHS	Secondary Market
0-2	The owner may sell the flat back to HKHS at the original purchase price , less any amount unpaid under any approved mortgage and other approved deductible expenses. If HKHS declines to buy back the flat, the owner may sell the flat in the open market after payment of premium to the Government ^{Note 2} .	The owner is not allowed to sell the flat in the Secondary Market
3-5	The owner may sell the flat back to HKHS at a price to be fixed by HKHS with regard to the assessed full market value less the discount rate at the time of purchase , less any amount unpaid under any approved mortgage and other approved deductible expenses. If HKHS declines to buy back the flat, the owner may sell the flat in the open market after payment of premium to the Government ^{Note 2} .	The owner may sell the flat at freely negotiated price without payment of premium in the Secondary Market
6 and beyond	The owner may sell the flat in the open market after payment of premium to the Government.	

Note 1 The date of first assignment refers to the date of the first deed of assignment of a particular flat from HKHS to a purchaser.

Note 2 HKHS advised that they would not buy back the SSFs to be sold under HOS 2022.

**Alienation Restrictions for Tenants Purchase Scheme Flats
sold under HOS 2022**

From the date of first assignment (year) ^{Note 1}	Open market/Buyback by HA	Secondary Market
0-2	<p>Owners are not allowed to sell the flats in the open market</p> <p>Owners may sell the flats back to HA at the original list price, with repayment of the special credit amount to HA ^{Note 2}</p>	<p>Owners are not allowed to sell the flats in the Secondary Market</p>
3-5	<p>Owners may sell the flats in the open market subject to payment of premium to HA</p> <p>Owners may also sell the flats back to HA at the assessed full market value less the discount rate at the time of purchase, with repayment of the special credit amount to HA ^{Note 2}</p>	<p>Owners may sell the flats at freely negotiated prices without payment of premium in the Secondary Market</p>
6 and beyond	<p>Owners may sell the flats in the open market subject to payment of premium to HA</p>	

Note 1 The date of first assignment refers to the date of the first deed of assignment of a particular flat from HA to a purchaser.

Note 2 Subject to the recommendation by the Director of Social Welfare as well as the verification and the approval of the Director of Housing, a flat owner who faces sudden changes in his/her family circumstances within five years from the date of first assignment of the flat may apply for reverting to the tenant status upon sale of his/her flat back to HA.