Section A

Chapter 6:  Home Ownership Scheme

The Home Ownership Scheme (HOS) becomes a regular part of the government’s housing policy. The Hong Kong Housing Authority (HA) is responsible for producing the new HOS flats and working out the implementation details. Eligible applicants of HOS 2018 were invited to attend the flat selection sessions starting from end February 2019. The Sale of HOS 2019 will be launched in May 2019.

Eligibility

Definition of Green Form Applicants

The following categories of persons can apply to purchase an HOS flat under Green Form (GF) status:

(a) Households of Public Rental Housing (PRH) units under the HA (with the exception of tenants under conditional tenancies or monthly licencees of HA Transitional Rental Housing units);

(b) Households of Group A Rental Estates (rental estates) under the Hong Kong Housing Society (HS) (with exception of households of Group B Rental Estates or monthly licencees of HS Transitional Rental Housing units);

(c) Persons falling into one of the following categories who are holders of valid GF Certificates issued by the Housing Department (HD)/ Urban Renewal Authority –
   (i) PRH applicants who have passed the detailed vetting and whose eligibility for allocation of PRH has been established;
   (ii) Junior civil servants under Civil Service Public Housing Quota or Special One-off Housing Allocation for Junior Civil Servants, whose eligibility has been established;
   (iii) Clearees affected in clearance exercises initiated by the Government and victims of natural disasters whose PRH eligibility has been established;
   (iv) Clearees affected in urban renewal projects whose PRH eligibility has been established;
   (v) PRH residents whose eligibility for allocation of PRH flat has been established due to divorce/ splitting; and
   (vi) Former PRH tenants holding a Letter of Assurance issued by the HD whose eligibility for allocation of the PRH flat has been established.

(d) Staff of Estate Assistant grade of the HD who hold a valid Letter of Assurance
issued by the HD; and

(e) Recipients of the Rent Allowance for the Elderly Scheme administered by the HA.

Applicants under GF Status must satisfy the following requirements:

(a) The applicant must be at least 18 years old on the closing date of application;

(b) The applicant and all family members, if married, must apply together with their spouses (with the exception of those divorcee(s), or the spouses do not have the right to land in Hong Kong or are deceased);

(c) The applicant or any member of the family has not breached any clause of the Tenancy Agreement/ any terms and conditions of their fixed-term licence of their PRH unit, has not accrued 16 or more valid points under the Marking Scheme for Estate Management Enforcement in Public Housing Estates, and has not been issued Notice-to-Quit to terminate the tenancy/ fixed-term licence, whether appeal procedure is in progress or not; and

(d) Those who have purchased a flat or have obtained a loan or subsidies under any subsidised home ownership schemes, as well as their spouses (including the spouses of purchasers and loan/subsidies receivers who were unmarried at that time) even if the relevant owner/ borrower has sold the flat or repaid the loan, he/ she, as well as his/ her spouse, are not eligible to apply. Other family members will not be bound by this restriction provided that they meet the eligibility criteria.

Definition of White Form Applicants

The following categories of persons can apply to purchase an HOS flat under White Form (WF) status:

(a) Households living in private housing;

(b) Family member(s) of households living in PRH or rental estates or any subsidised housing scheme units under the HA or the HS; and

(c) Flat owners and their authorised family members under HA’s Tenants Purchase Scheme (TPS) for less than 10 years (from the date of Assignment of his/her TPS flats with the HA) can apply for the purchase of an HOS flat by using WF, with no restriction on income and net asset limits and domestic property ownership, on condition that they can complete the sale of the TPS flats currently owned and occupied within three months from the date of signing of the agreement for sale and purchase of the HOS flats, or within the one-off extension of three months as may be granted by the HA.
The applicants under WF Status must satisfy the following requirements:

(a) The applicant must be at least 18 years old and must have lived in Hong Kong for at least seven years on the closing date of application and his/her stay in Hong Kong is not subject to any conditions of stay (except that on the limit of stay);

(b) The applicant and all family members, if married, must apply together with their spouses (with the exception of those divorcee(s), or the spouses do not have the right to land in Hong Kong or are deceased);

(c) Neither the applicant nor any member of the family has, during the period from 24 months preceding the closing date for submitting the application and up to the time of purchase of a flat, owned or co-owned any domestic property in Hong Kong or any interest in such kind of property; and

(d) Those who have purchased a flat or have obtained a loan or subsidies under any subsidised home ownership schemes, as well as their spouses (including the spouses of purchasers and loan/subsidies receivers who were unmarried at that time) even if the relevant owner/borrower has sold the flat or repaid the loan, he/she, as well as his/her spouse, are not eligible to apply. Other family members will not be bound by this restriction provided that they meet the eligibility criteria.

Sales Arrangements of HOS Flats

Eligible applicants of HOS 2018 were invited to attend the flat selection sessions starting from end February 2019. The Sale of HOS 2019 will be launched in May 2019. The main features of the sales arrangements for HOS 2019 include the followings:

- Open for application by GF and WF applicants with the ratio for quota allocation between GF and WF applicants at 50:50 and the unused quota will be allocated to the other queue.

- The HA sets a quota of 1,500 flats for applicants applying under the “Priority Scheme for Families with Elderly Members” and also sets aside 500 flats for one-person applicants.

- Starting from HOS 2019, e-submission service will be provided in addition to the current paper-based submission. For GF applicants who are living in HA’s
or the HS’s public housing estates or rental estates, staff of their respective estate offices/ District Tenancy Management Offices/ offices of rental estates will contact the applicants and verify their household information and the eligibility of application after receiving the e-application forms. Applicants and all family members aged 18 or above should sign and return the e-application forms to their respective estate offices for further processing.

- As HOS 2019 will be launched together with WSM 2019, the application procedures will be further streamlined. One single application form will be used to cover both schemes while applicants may choose either HOS 2019; WSM 2019 or both. Application fees are $250 for HOS 2019, $160 for WSM 2019 and $410 for both schemes.

- For the priority order in flat selection, family or one-person living in PRH estates affected by the HA’s clearance programme are allowed to select flats before families or one-person households of other Green Form categories and all White Form categories respectively. One-person applicants will be invited to select the remaining 500 flats, irrespective of size, after family applicants have selected their flats.

- GF applicants who obtained their PRH units through the Express Flat Allocation Scheme within 3 years from the date of tenancy commencement of their PRH units will be treated as if they were WF applicants in flat selection order, and any HOS flats taken up by this category of GF applicants will be counted against the WF quota. Upon taking over of their purchased flats, this category of GF applicants, similar to other GF applicants, have to surrender their PRH units to the HA within 60 days from (i) the date of taking over the newly purchased flats; or (ii) the 10th working day from the date of assignment inclusively, whichever is earlier.

- The income and asset limits for WF applicants have been set according to the established methodology and reviewed before each sale exercise of HOS flats.

The Income and Asset Limits applicable to the WF applicants of Sale of HOS Flats 2019 are as follows:

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Total Monthly Household Income Limit (HK$) (Note)</th>
<th>Total Net Household Asset Value Limit (HK$)</th>
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</thead>
<tbody>
<tr>
<td>1 person</td>
<td>29,000</td>
<td>1,005,000</td>
</tr>
<tr>
<td>2 persons or above</td>
<td>58,000</td>
<td>2,010,000</td>
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Note: Statutory contributions under the Mandatory Provident Fund (MPF) Scheme or other provident fund schemes are deductible from a household's income for the purpose of vetting the applicant's eligibility.

- The previous HOS pricing formula was to ensure that at least 50% of the flats
for sale are affordable (i.e. a mortgage-to-income ratio of not more than 40%) for eligible households with income at the level of the prevailing HOS Income Limit for WF family applicants (i.e. households with two persons or more). The Government announced on 29 June 2018 the new pricing policy. Affordability test for HOS flats was revised to base on the median monthly household income of non-owner occupier households and to ensure at least 75% of flats are affordable. Based on the new pricing policy, HA endorsed the selling prices for Sale of HOS Flats 2019 on 15 March 2019.

- A purchaser under HOS Flats 2019 who wishes to assign or let the flat after becoming an owner under the Deed of Assignment will be subject to the terms of the Deed of Assignment and the terms, covenants and conditions contained in the Government Lease. The HA will not buy back or nominate a buyer to buy the flats sold under the current sale exercise. The following alienation restrictions will apply to the owners for the sale of the flats sold under the sale exercise of HOS Flats 2019:

<table>
<thead>
<tr>
<th>Alienation Restrictions</th>
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<tr>
<td>Within the first two years from the date of the first Deed of Assignment of the flat from the HA to an owner (first assignment):</td>
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<tr>
<td>- The owner may sell the flat in the HOS Secondary Market to a person nominated by the HA without payment of premium and at a price not more than the original purchase price under the first assignment.</td>
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<tr>
<td>Between the third to the tenth year from the date of first assignment:</td>
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<tr>
<td>- The owner may sell the flat in the HOS Secondary Market to a person nominated by the HA without payment of premium and at his/her own negotiated price.</td>
</tr>
<tr>
<td>After ten years from the date of first assignment:</td>
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<tr>
<td>- The owner may sell the flat in the HOS Secondary Market to a person nominated by the HA without payment of premium and at his/her own negotiated price.</td>
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<tr>
<td>- The owner may also sell the flat in the open market after payment of premium.</td>
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</tbody>
</table>

- The HA will decline all buyback offers for the HOS flats sold from 2007 onwards.
- The provision of mortgage guarantee in respect of loans granted by banks and other authorised financial institutions for the purchase of HOS flats will be continued.
• A one-year defects liability period from the date of assignment of individual flats is provided.

• A structural safety guarantee of 10 years from the date of building completion for HOS flats will be offered. For new HOS flats, the date of building completion for the purpose of the Structural Safety Guarantee will be the date of the Occupation Permit issued by the Independent Checking Unit under Permanent Secretary for Transport and Housing (Housing) in respect of the buildings concerned.