

HA approves average selling prices and arrangements for Sale of HOS Flats 2019 and WSM 2019

The following is issued on behalf of the Hong Kong Housing Authority:

The Hong Kong Housing Authority (HA) Subsidised Housing Committee (SHC) today (March 15) approved the average selling prices and sale arrangements for the Sale of Home Ownership Scheme (HOS) Flats 2019 (HOS 2019) and White Form Secondary Market Scheme (WSM) 2019, as well as the White Form (WF) income and asset limits for the two exercises.

At the meeting today, SHC endorsed putting up six new HOS developments for sale under HOS 2019, providing a total of 4 871 flats. These six developments are:

1. 603 flats in Kwun Tak Court, Ho Man Tin with a saleable area of 41.3 square metres (sq m) to 52.8 sq m
2. 814 flats in Hoi Tak Court, Cheung Sha Wan with a saleable area of 25.9 sq m to 48.5 sq m
3. 494 flats in Sheung Man Court, Kwai Chung with a saleable area of 26.6 sq m to 42.6 sq m
4. 1 395 flats in Yung Ming Court, Tseung Kwan O with a saleable area of 26.2 sq m to 52.8 sq m
5. 735 flats in Kam Fai Court, Ma On Shan with a saleable area of 25.6 sq m to 42.3 sq m
6. 830 flats in Yuk Wo Court, Sha Tin with a saleable area of 27.3 sq m to 43.0 sq m

Details of these six developments are set out in Annex.

The average selling prices for HOS 2019 flats are set at 41% discount from the assessed market values (59% of assessed market values). "According to the Government's new pricing policy on subsidised sale flat (SSF) announced last year, the discount applied to the assessed market value of flats for sale is determined on the basis of the affordability benchmark of at least 75% of the flats for sale are affordable to the non-owner occupier households earning median monthly household income (currently around \$39,100, net of Mandatory Provident Fund contributions), assuming that they need to spend no more than 40% of their monthly income on mortgage payment. Under this pricing mechanism, we will assess affordability by applying a discount of 30% to the assessed market prices of all the flats with reference to the median monthly household income. A higher discount will be adopted to ensure the prices of 75% of the flats are lower than the highest affordable price for households earning median monthly income (spending no more than 40% of

their monthly income on mortgage payment). The discount rate (at a minimum of 30%) for each sale exercise will therefore be different," a spokesman for the HA said.

The selling prices of the flats of the six new developments for HOS 2019, after applying the discount, will range from \$1.56 million to \$5.29 million, averaging at about \$2.98 million. The application period is expected to start in May and balloting will be held in August. Successful applicants of HOS 2019 will be invited to select HOS flats starting from November this year.

SHC decided to maintain the quota between Green Form (GF) and WF applicants at 50:50 under HOS 2019 and allow flexibility to re-allocate any remaining quota from the GF queue to the WF queue, and vice versa.

Furthermore, for the quota of WSM 2019, SHC decided to increase the annual quota to 3,000 while maintaining the allocation ratio for family and one-person applicants at 9:1.

In addition, with effect from the SSF sale exercises this year, including HOS 2019 and WSM 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 Hong Kong Housing Society's public housing estates, staff of their respective estate offices will contact them and verify their household information after receiving their e-submissions. They will have to return the pre-filled e-forms with signatures of the applicant and all family members aged 18 or above to their respective estate offices for further processing.

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

Starting from HOS 2019, the existing eligibility criteria for WF applicants that all household members included in the application form are required to live together with the applicant at the time of application will be removed. "Taking into account that the living-together requirement may not be practical against the prevailing socio-economic circumstances, the SHC agreed that this requirement might render concerned households ineligible for HOS/WSM. This goes against the HOS/WSM's objective of addressing the home-ownership aspirations of these low to middle-income families," the spokesman said.

As at February 1, 22 rescinded flats from five HOS developments (namely Ka Shun Court, Ping Yan Court, Ngan Wai Court, Ngan Ho Court and Choi Hing Court) previously put up for sale in 2016 and 2017 will be included for resale in this sale exercise. Apart from the 22 rescinded flats, any additional rescinded flats up to October this year will also be included for

resale in this sale exercise. The average selling prices of rescinded flats for resale will be set at the same discount of this sale exercise, that is 41% (59% of assessed market values).

"A quota of 1 500 flats will be set aside for families applying under the Priority Scheme for Families with Elderly Members (Priority Elderly Scheme). This follows the practice in the last few HOS sale exercises that a quota of about 30% of the flats for sale was set for this category," the spokesman said. SHC also agreed to reserve 500 flats, representing about 10% of the flats, for one-person applicants to address their keen home ownership aspirations.

SHC also decided to regularise the streamlined application arrangements for HOS and other SSF (including Green Form Subsidised Home Ownership Scheme (GSH)) sale exercises from HOS 2019 onwards. Applicants who wish to apply for the next SSF in a household category different from that for HOS are required to inform HA during the stipulated application period of the next SSF exercise.

At today's meeting, SHC also noted that the revised alienation restrictions for SSF, as endorsed at the SHC meeting in November last year, will start to apply to sale exercises launched from HOS 2019 onwards. Flats to be sold under HOS 2019 are subject to the alienation restrictions to be set out in the Government Leases. The rescinded flats which were first sold under the previous sale exercises will continue to be subject to the alienation restrictions stipulated in the Housing Ordinance.

In order to provide an avenue for WSM buyers of SSF sold by HA from 2019, who are not allowed to sell the flat in the Secondary Market within the first two years of the transaction, to liquidate their assets in any unforeseen circumstances, SHC agreed to allow these WSM buyers to seek approval from the Director of Housing for exemption from the restriction for resale in the Secondary Market within the first two years of the transaction where circumstances warrant.

Sales booklets/sales leaflets providing sales arrangements, basic information of the new HOS developments and the rescinded flats, and the flats' size and price ranges will also be made available to the public starting seven days before the commencement and up to the end of the application period.

Sales brochures covering full details of the developments and rescinded flats as well as the price lists will be made available for public collection starting seven days before commencement of the flat selection period.

At the same meeting, SHC also reviewed the WF income and asset limits for HOS 2019 and WSM 2019 according to the established mechanism, and endorsed the WF income and asset limits at \$58,000 per month and \$2,010,000 respectively. According to established practice, the income and asset limits for WF one-person applicants will be set at half of the limits for family applicants, at \$29,000 and \$1,005,000 respectively.

In deriving the above limits, SHC agreed to fine-tune the sampling method on the average price of reference flats (private residential units of about 40 square metre saleable area in the Extended Urban Area and the New Territories). Given the wide spread of such units in terms of building age, SHC has agreed to make reference to prices of all such transactions in the period, regardless of the building age, when working out the average reference flat price. The relevant reference price in the fourth quarter of 2018 is \$5.76 million.