

LCQ2: Unsold units in completed private residential projects

Following is a question by the Hon Abraham Shek and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (April 17):

Question:

According to the information of the Transport and Housing Bureau, as at December last year, there were about 9 000 unsold units in the private residential projects which were completed in or after 2011 and had been issued with an occupation permit. In this connection, will the Government inform this Council:

(1) among such units, of the respective numbers of those which, as at December last year,

(i) were in projects which had not been issued with a Certificate of Compliance nor a Consent to Assign,

(ii) remained unsold although they had already been put up for sale in accordance with the relevant requirements of the Residential Properties (First-hand Sales) Ordinance (Cap 621), and

(iii) were rented out (e.g. as serviced apartments), or for self-use by the developer concerned; and

(2) if the figures in (1) are unavailable, whether it will consider collecting them; if not, of the reasons for that?

Reply:

President,

The Government releases statistics on private housing supply in the primary market on the website of the Transport and Housing Bureau (THB) on a quarterly basis, including the number of unsold units in completed projects (i.e. projects that have obtained occupation permits (OP)). The concerned statistics are consolidated by THB based on inputs provided by various Government departments (e.g. Buildings Department, Land Registry, etc.). As at December 31, 2018, there were around 9 000 unsold units in some 350 projects completed between 2011 and 2018. My reply to various parts of the question raised by Hon Abraham Shek is as follows:

(1) Among the 9 000 unsold units:

(i)(a) about 3 300 units are not subject to the Consent Scheme (Note 1). Developers do not have to obtain the Certificate of Compliance (C of C) or Consent to Assign from the Lands Department before selling the units;

(b) about 3 000 units have been issued with C of C or Consent to Assign;

(c) about 2 500 units that have not yet been issued with C of C or Consent to Assign, but have already obtained pre-sale consent under the Consent Scheme and hence can be pre-sold under the Scheme; and

(d) about 200 units have not been issued with pre-sale consent, C of C or Consent to Assign and thus cannot be offered for sale. However, developers can choose to rent out the units (Note 2) without the need to obtain prior consent from the Director of Lands provided that certain requirements (e.g. the tenancy period cannot exceed 10 years) are fulfilled.

(ii) According to the record of the Sales of First-hand Residential Properties Authority (SRPA), as at December 31, 2018, out of the 350 projects with unsold units completed between 2011 and 2018 as mentioned above, 185 projects have launched sales since the Residential Properties (First-hand Sales) Ordinance (Cap 621) came into full effect on April 29, 2013. These projects involved some 4 100 unsold units, of which about 1 650 units had issued sales arrangement in accordance with the relevant requirements of the Ordinance but remained unsold; while the remaining some 2 450 units had not been put up for sale.

(iii) Unsold units refer to completed units that remain unsold. They may be vacant units, units rented out by developers (e.g. serviced apartments) or units occupied for self-use by developers. As developers currently are not required to declare the status of these unsold units, the Government does not have information on how many of these 9 000 unsold units have been rented out or occupied for self-use by developers.

(2) The Chief Executive announced on June 29, 2018 the proposed introduction of "Special Rates" on vacant first-hand private residential units. The measure aims at encouraging a more timely supply of first-hand private residential units. The Government proposes to amend the Rating Ordinance (Cap 116) to require developers of the first-hand private residential units with OPs issued for 12 months or more to furnish annual returns to the Government on the status of these units. Unsold first-hand units that have not been rented out for more than six months during the past 12 months will be subject to "Special Rates". "Special Rates" will be collected by the Rating and Valuation Department annually at two times (i.e. 200 per cent) of the rateable value of the units concerned. The Government is now formulating the Rating (Amendment) Bill and plans to introduce it into the Legislative Council within the 2018-19 legislative year.

After the passage and coming into operation of the Rating (Amendment) Bill, developers holding first-hand residential units will be required to make declaration in accordance with the law, thereby allowing the Government to get hold of the status of the unsold units (e.g. whether these units have been rented out).

Note 1: Some redevelopment projects based on old leases are not subject to the Consent Scheme.

Note 2: Since 2002, Conditions of Sale in general provides that developers may rent out units in a development after an OP has been issued for such development.