

Legislative Council Panel on Housing

Disposal of Overhung Home Ownership Scheme Flats

Purpose

This paper is to brief Members on the proposed arrangements for disposing of the overhung Home Ownership Scheme (HOS)/ Private Sector Participation Scheme (PSPS) flats.

Background

2. On 13 November 2002, the Secretary for Housing, Planning and Lands (SHPL) delivered a Statement on Housing Policy setting out a series of measures including the measures to cease the production and sale of HOS flats indefinitely from 2003 onwards (except for a small number of unsold and returned flats which will be sold to the Green Form applicants) and to terminate the PSPS. Subsequently, the Housing Department has set up a task force to consider all feasible options in disposing of the overhung HOS/PSPS flats through market-friendly means.

3. The Task Force has since explored, examined and evaluated the feasibility and implications of all possible disposal options. It has also entered into some preliminary discussions with the concerned parties including relevant government bureaux/ departments and other interested parties to test out the viability. With the corresponding appropriate actions taken, we have now drawn up the disposal arrangements for the overhung HOS/PSPS flats as detailed in the ensuing paragraphs.

Stock of the overhung HOS/PSPS flats

4. There are a total of about 25 000 overhung HOS/PSPS flats which are either completed or under construction and can be categorized into three lists under the following headings as detailed in the **Annex-**

- (a) *List A – Individual unsold or returned flats in HOS blocks (about 3 660 flats)*

These comprise new flats which remain unsold under Phase 24A

and flats in various completed courts bought back by the Housing Authority (HA).

(b) *List B – Unsold blocks in partially occupied/sold HOS courts (4 739 flats)*

These are blocks completed at a later stage of the existing HOS developments and have never been put up for sale. They are covered under the same land lease as those sold HOS flats within the same court specifying that the flats can only be sold under the HOS.

(c) *List C – Unsold HOS/PSPS developments completed or under construction (16 844 flats)*

There are two PSPS and eight HOS projects under this category.

Disposal Arrangements

Flats under Lists A and B

5. We will dispose of flats under Lists A and B through sale as HOS flats to the Green Form (GF) applicants as their land grants restrict the use of these flats to HOS purposes only. Any changes to other uses, including public rental housing, are difficult, if not impossible, as such changes would involve modification of the land grants which would require unanimous agreement of individual owners of the sold flats in the same development. This being the case, it would not be realistic to dispose of these flats other than under the HOS to the GF applicants in small batches in an orderly manner.

Flats under List C

6. For the disposal of the surplus HOS/PSPS flats on List C, we will adopt a combination of options under a broad disposal framework as detailed below-

(a) *Lease modifications for the two PSPS projects*

Under the Conditions of Sale for the two PSPS projects, viz. Hunghom Peninsula and Kingsford Terrace in Ngau Chi Wan, the developer can only sell the flats to purchasers nominated by

the HA. Any changes of uses other than PSPS flats would have to be agreed by both the Government and the developer. Negotiation between the Government and the developer of the two PSPS projects is currently underway for lease modification to enable them to sell the flats in the open market.

(b) *Sale to the Hong Kong Housing Society (HS) for re-housing purposes*

The HS has expressed interest to take up Tung Tao Court in Aldrich Bay for their rehousing use. We are now discussing with them regarding the terms of the proposed sale.

(c) *Use as Government departmental quarters (DQs)*

We have discussed with the Security Bureau (SB) and the Civil Service Bureau (CSB) on the feasibility of the proposal in using some of the surplus HOS flats to re-provision some of the existing DQs of the disciplined services, which are old, dilapidated and/or substandard. There are 15 such DQs sites with approximately 4 500 DQ units scattered around Hong Kong Island, Kowloon and different parts of the New Territories. Based on the understanding that the proposal would be a one-off exercise for re-provisioning purposes, it is considered that some of the surplus HOS flats in Yau Tong and Kwai Chung are suitable candidates for the purposes.

We will continue to discuss and work with the SB, CSB, the Financial Services and the Treasury Bureau, the Government Property Agency and the other concerned departments on this proposal, with a view to reaching an agreement and finalizing the details of the arrangement.

(d) *Use as guesthouses for Mainland tours or groups*

We have been approached by a number of interested parties expressing interests in some of the overhung HOS blocks/projects for use as guesthouses for Mainland tours or groups. We are now considering the viability of this option and no firm commitment has been made. However, should we decide to try out this option, we will conduct an open exercise to invite expression of interest from all interested parties.

(e) *Conversion to public rental housing (PRH)*

As a measure to relieve overcrowding in public housing as well as avoiding the completed flats standing empty for long periods, we will recommend to the HA to convert some completed projects to PRH, starting from Hiu Lam Court in Sau Mau Ping in mid 2003.

Way Forward

7. For flats under Lists A and B, we will carefully work out the detailed disposal arrangements including the sale programme so as to avoid any adverse impact to the property market. For flats under List C, we will take appropriate follow-up actions along the framework outlined in paragraph 6.

Housing, Planning and Lands Bureau
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List A – Individual unsold or returned flats in HOS blocks

Projects	No. of flats	Remarks
Phase 24A unsold flats		
Lei On Court 鯉安苑 Stage 1 (Lam Tin)	382	Completed
Yu Chui Court 愉翠苑 Stage 2 (Shatin)	433	Completed
Ka Keng Court 嘉徑苑 (Tai Wai)	276	Completed
Re-sale flats in various courts <i>(Position as at 31 January 2003)</i>	2 569	Completed
Total :	3 660	

List B – Unsold blocks in partially occupied/sold HOS courts

Projects	No. of flats	Remarks
Kam Fung Court 錦豐苑 Stage 3 (Ma On Shan)	1 892	Completed
Yu Chui Court 愉翠苑 Stage 3 (Shatin)	1 056	Completed
Lei On Court 鯉安苑 Stage 2 (Lam Tin)	831	Completed
Tin Fu Court 天富苑 Block J (Tin Shui Wai)	320	Scheduled completion in May 2003
Tin Chung Court 天頌苑 Blocks K and L (Tin Shui Wai)	640	Scheduled completion in December 2003
Total :	4 739	

List C – Unsold HOS/PSPS projects completed or under construction

Projects	No. of flats	Remarks
King Hin Court 瓊軒苑 (Ngau Chi Wan)	344	Completed
Hui Lam Court 曉琳苑 (Sau Mau Ping)	2 100	Completed
Yau Mei Court 油美苑 (Yau Tong)	3 872	Completed
Ko Cheung Court 高翔苑 (Yau Tong)	2 800	Completed
Kwai Chung Ph. 7	800	Scheduled completion in July 2003
Tung Tao Court 東濤苑 (Aldrich Bay)	1 216	Scheduled completion in September 2003
Lam Tin Ph. 6	720	Scheduled completion in December 2003
Kwai Yung Court 葵蓉苑 (Kwai Chung)	512	Scheduled completion in February 2004
Hunghom Peninsula (PSPS) 紅灣半島	2 470	Completed
Kingsford Terrace (PSPS) 嘉峰臺 (Ngau Chi Wan)	2 010	Scheduled completion in October 2003
Total :	16 844	