

## **Legislative Council Panel on Housing**

### **Steering Committee on Regulation of Sale of First-hand Residential Properties by Legislation**

#### **Purpose**

This paper briefs Members on the work progress of the Steering Committee on Regulation of Sale of First-hand Residential Properties by Legislation (the Steering Committee).

#### **Background**

2. The Government is committed to maintaining the healthy development of the private residential property market, safeguarding the reasonable rights of consumers, and ensuring that consumers have access to accurate and comprehensive property information, in particular information on first-hand residential properties. The Administration adopts a multi-pronged mechanism to enhance the transparency of such sales, in particular in respect of uncompleted first-hand residential properties. This includes the Lands Department's Consent Scheme (the Consent Scheme), the guidelines issued by the Real Estate Developers Association of Hong Kong (REDA), the regulatory work of the Estate Agents Authority (EAA), and the promotion and consumer education work of the Consumer Council (CC).

3. In the past two years, the Transport and Housing Bureau (THB) has implemented, through the Consent Scheme and REDA's guidelines, a number of measures to enhance the transparency and clarity of the property and transaction information on uncompleted first-hand private residential properties. Most notably, the implementation of the "nine new measures" on sales brochures, price lists, show flats and disclosure of transaction information.

4. To further strengthen the regulation of the sale of first-hand residential properties, the Chief Executive announced in the 2010-11 Policy Address that a Steering Committee would be set up to discuss specific issues on regulating the sale of first-hand flats by legislation.

5. The Steering Committee was formally established in October 2010. It is chaired by the Permanent Secretary for Transport and Housing (Housing) and comprises representatives from relevant professional organizations and Government departments including the CC, Law Society of Hong Kong, Hong Kong Institute of Surveyors, EAA, REDA, the Buildings Department and the Lands Department. Other members include legislators, academics and professionals. The Membership list and the Terms of Reference of the Steering Committee are at [Annex A](#).

### **Progress of the Steering Committee**

6. The major issues being deliberated by the Steering Committee include:

- (a) the scope of the legislative framework, including the extent to which first-hand uncompleted and completed residential properties should be covered under the proposed legislation;
- (b) key features to be regulated under the proposed legislation, including requirements on sales brochures, price lists, show flats, disclosure of transaction information, sales practices, etc; and
- (c) the enforcement mechanism required for the legislation and the nature and level of penalties, etc.

7. Given the scope and complexity of the subject matter, three Subcommittees have been formed under the Steering Committee, namely the Subcommittee on Property Information and Show Flats, the Subcommittee on Sales Arrangements and Practices, and the Subcommittee on the Enforcement Mechanism and Penalties to study the relevant issues in detail.

8. Representatives from relevant professional bodies, bureaux and departments may be invited as co-opted members or invited to attend meetings on a need basis. The Hong Kong Institute of Architects has been co-opted onto the three Subcommittees to provide professional

advice and input.

9. The Steering Committee and its Subcommittees have held eight meetings so far. Some key matters, such as the legislative framework (i.e. the definition of first-hand properties to be covered under the legislation), the main features to be regulated under the proposed legislation (including the requirements on sales brochures, price lists, show flats and disclosure of transaction information) have been discussed and the key features agreed in principle. A list of issues discussed by the Steering Committee and its Subcommittees is at **Annex B**.

10. The Steering Committee intends to regulate all types of first-hand residential properties including projects developed under old lease conditions, Consent Scheme projects and projects outside the Consent Scheme. There has been general consensus that the existing requirements under the Lands Department's Consent Scheme and the Guidelines of REDA should be suitably incorporated into the proposed legislation. To further enhance the transparency and timely provision of comprehensive information, Members have also recommended new or enhanced measures where appropriate.

### **Way Forward**

11. The Steering Committee and its Subcommittees will continue to deliberate on other important matters such as requirements on advertisement, misrepresentation and dissemination of false information, sales arrangements and order, penalties and the enforcement mechanism.

12. The Steering Committee will submit a report containing recommendations on a practicable way forward to the Secretary for Transport and Housing in October 2011. The target of the Transport and Housing Bureau is to take forward the subsequent consultation on the Report in the form of a White Bill in order to expedite the consultation process.

**Transport and Housing Bureau  
March 2011**

**Steering Committee on the  
Regulation of the Sale of First-hand Residential Properties by  
Legislation**

**Membership**

Chairman

Permanent Secretary for Transport & Housing (Housing)

Members

Ms Connie Lau  
(Representative of the Consumer Council)

Mrs Rosanna Ure  
(Representative of the Estate Agents Authority)

Dr Lawrence Poon Wing-cheung  
(Representative of the Hong Kong Institute of Surveyors)

Mr Ambrose Lam  
(Representative of the Law Society of Hong Kong)

Mr Stewart Leung  
(Representative of the Real Estate Developers Association of Hong Kong)

The Honourable Lee Wing Tat (on ad personam basis)

Professor the Honourable Patrick Lau (on ad personam basis)

Professor Andrew Chan (on ad personam basis)

Professor Lam Kin Che (on ad personam basis)

Mr Cheung Kwok Kwan (on ad personam basis)

Director of Buildings or his representative

Director of Lands or her representative

Deputy Secretary for Transport and Housing (Housing)

**Steering Committee on the  
Regulation of the Sale of First-hand Residential Properties by  
Legislation**

**Terms of reference**

- (a) To consider and advise on
  - (i) the scope of the legislative framework, i.e. the definition of first-hand residential properties to be covered under the legislation;
  - (ii) how such properties should be regulated by legislation in terms of transparency and accuracy of property information including sales brochures and any other types of promotional materials, sales practices, price lists, show flats, and saleable area; and
  - (iii) the enforcement mechanism and penalties.
- (b) To come up with practical recommendations on the above for the Secretary for Transport and Housing's consideration, including the timetable for drafting and enactment of legislation, with a view for the Transport and Housing Bureau to carry out public consultation in the form of a White Bill.

**Issues Discussed by the Steering Committee and its Subcommittees**

**(as at end-March 2011)**

- The scope of the legislation (i.e. the definition of first-hand residential properties for the purpose of the legislation);
- Requirements on sales brochures (including the timing for the release of sales brochure and contents);
- Requirements on price lists (including the timing for the issue of price list, the minimum number of units to be included in each price list; and the information provided in the price list);
- Requirements on show flats;
- Requirements on disclosure of transaction information (including the timing for disclosure and contents); and
- Requirements on disclosure of area information in price list and sales brochure.