

For information

Legislative Council Panel on Development

**Provision of Subsidised Sale Flats in the
Urban Renewal Authority's Development Project in Kai Tak**

Purpose

This paper sets out the background and the latest developments of the Urban Renewal Authority (URA)'s proposal to provide subsidised sale flats (SSFs) in its development project in Kai Tak.

Background

2. In his 2015 Policy Address, the Chief Executive stated that URA and other public or non-profit-making organisations should be engaged to explore ways to increase the supply of SSFs to provide more property choices and home ownership opportunities for low and middle-income families.

3. In response to the Chief Executive's initiative, URA reported at the meeting of the Panel on Development on 23 June 2015 that it had initially identified possible use of some of the units in its development project in Kai Tak for SSF purpose.

4. The URA's development project is situated at No. 3, Muk Tsui Street, Kai Tak (New Kowloon Inland Lot No. 6515). It comprises four blocks providing a total of 484 residential units, a clubhouse, retail and parking facilities. The location plan and the exterior outlook of the project are at **Annex I** and **Annex II** respectively for Members' reference. The URA Board approved the use of 338 residential units in URA's development in Kai Tak in July 2015 for SSF purpose.

Latest Developments

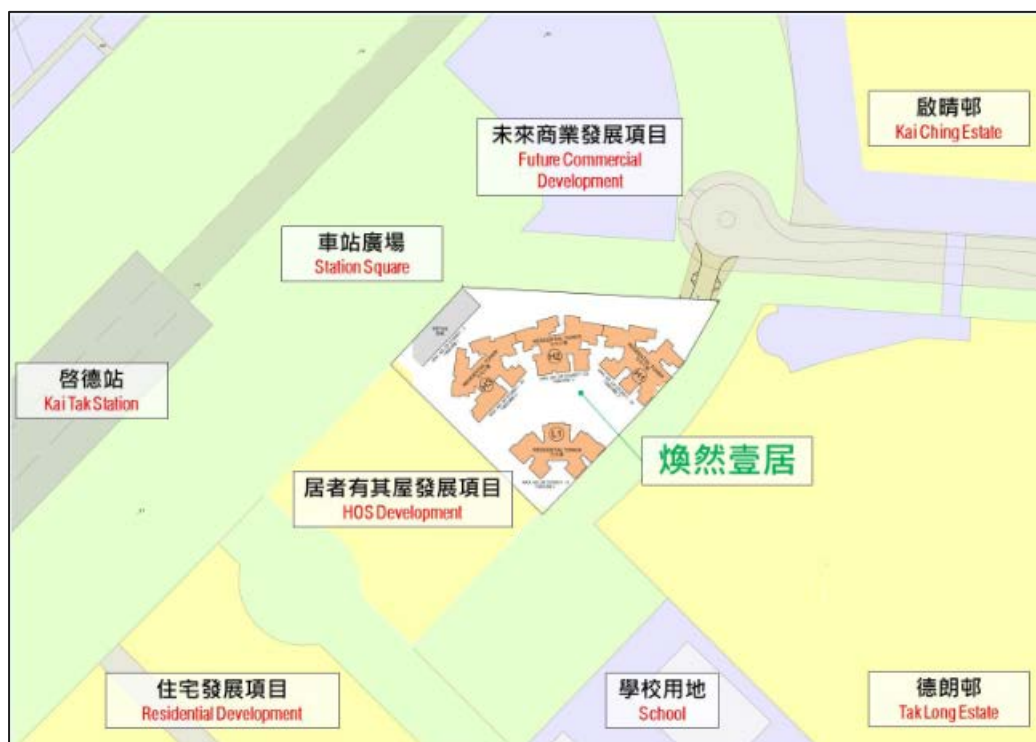
5. Government has originally granted the relevant lot in Kai Tak to URA by private treaty for the sole purpose of implementing the “Flat-for-Flat” Scheme to cater for eligible previous owners affected by URA’s redevelopment projects. In order to pursue the SSF proposal, URA made an application to Government in July 2015 for enabling it to sell 338 of the residential units in its development in Kai Tak to persons other than the said eligible previous owners. Lands Department subsequently executed the required lease modification, and issued the pre-sale consent in late November 2015 to enable the implementation of the Kai Tak SSF Scheme.

6. Since then, URA has been considering the sales arrangements for the Kai Tak SSF Scheme. A note on the sales arrangements for the Kai Tak SSF Scheme provided by URA is at **Annex III** for Members’ information.

Development Bureau
January 2016

「煥然壹居」位置圖

Location Plan of Kai Tak Development



「煥然壹居」樓宇外觀圖
Exterior Outlook of Kai Tak Development



Urban Renewal Authority's Subsidised Sale Flat (SSF) Scheme in Kai Tak

Occupying a site of about 5,694 square metres (or about 61,290 square feet), the Urban Renewal Authority (URA)'s development in Kai Tak (Kai Tak Development) consists of three high blocks (H1, H2, H3) and one low block (L1) of residential buildings, providing 484 flats with saleable areas ranging from about 30.8 to 62.7 square metres (or about 332 to 675 square feet) originally intended to be sold for the "Flat-for-Flat" (FFF) Scheme, an initiative under the 2011 Urban Renewal Strategy. The Kai Tak Development also provides one commercial block of about 570 square metres (or about 6,140 square feet). The Kai Tak Development adopts a modest and sustainable design approach and has achieved the BEAM Plus Provisional 'Platinum' rating from the Hong Kong Green Building Council.

2. In July 2015, the Board of the URA approved to sell 338 of the residential units (8 studio flats, 213 one-bedroom flats and 117 two-bedroom flats) in the Kai Tak Development as SSFs. A summary of the principal terms of the SSF Scheme approved by the Board in July 2015 is as follows:

- (i) The price discount rate is set at 20% to the prevailing market value at the time of launch of the SSF Scheme.
- (ii) The SSF purchasers from URA are entitled to sell or let their flats after assignment of the property subject to payment of a premium to URA of approximately 20% of the market value at the time of sale or letting.
- (iii) Applicants shall be families with two or more family members.
- (iv) The income limit for family applicants is \$60,000 per month.
- (v) The asset limit for family applicant is \$3M.
- (vi) Neither the applicant nor any of family members listed in application form owns any domestic property in Hong Kong within 5 years prior to the closing of application.

(vii) There will be no Green Form category, single person household or Tenant Purchase Scheme owners category applicants. There will also be no flat selection priorities for nuclear families or elderly family members.

(viii) Persons who have received any of the housing subsidies described in the Sale of the Home Ownership Scheme 2014 will not be eligible to apply.

3. URA afterwards received a letter from the Equal Opportunities Commission (EOC) stating that EOC had received enquiries concerning possible discrimination of single persons by excluding them from the SSF Scheme, drawing URA's attention to sections 7 and 28 of the Sex Discrimination Ordinance (SDO).

4. After considering the legal issues involved, the URA Management considered that treating family or multiple persons household (MPH) applicants and single person household (SPH) applicants equally could minimise legal risks and avoid delay in the sales programme arising from possible legal challenges. The URA Management's initial thinking was that the income and asset limits of SPH applicants should be the same as those of MPH applicants. However, the details of the SSF Scheme were yet to be finalized at that time as they would need to be approved by the URA Board before the official launch of the SSF Scheme.

5. In response to the views of several Board Members and the public on the appropriateness of aligning the income and asset limits of SPH applicants with those of MPH applicants for the SSF Scheme, a special URA Board meeting was held on 1 December 2015 to discuss the concerned issues.

6. After considering the different proposals on income and asset limits by the URA Management and the external legal advice on such proposals, the URA Board approved the following proposals having taken into account the legal risks involved and balancing the public aspirations for housing needs:

- (i) including SPH applicants for the SSF Scheme;
- (ii) proposing an income limit of \$33,500 per month and an asset limit of \$1.5 million for SPH applicants; and

- (iii) maintaining the proposed income limit of \$60,000 per month and the proposed asset limit of \$3 million for MPH applicants.

7. The URA Board also approved the setting up of a taskforce to consider the detailed sales arrangement for the Scheme. The taskforce held its meeting on 8 December 2015 and came up with a detailed proposal on the sales arrangement for the Board's approval.

8. Having considered the detailed proposal of the taskforce, the URA Board approved the final terms of the SSF Scheme including the sales arrangement at its meeting on 22 December 2015. In addition to the proposed arrangements detailed in paragraph 6, the final terms also stipulate that all two-bedroom units in the SSF Scheme will be reserved for purchase by MPH applicants. In other words, SPH applicants are restricted to purchasing any of the 8 studio and 213 one-bedroom SSF units only, while MPH applicants are allowed to purchase any of the studio, one-bedroom and two-bedroom SSF units.

9. The pre-sale consent for the Kai Tak Development was issued on 26 November 2015. URA had launched the SSF Scheme on 4 January 2016.

**Urban Renewal Authority
January 2016**