

LegCo Panel on Housing
Subcommittee to study the Sales Descriptions of
Uncompleted Residential Properties White Bill
Administration's response to
matters raised by representatives of deputations on 16 May 2000

This paper sets out the Administration's initial response to issues raised by representatives of the Consumer Council, Real Estate Developers Association of Hong Kong (REDA), Hong Kong Institute of Real Estate Administration (HKIREA), Hong Kong Institute of Architects (HKIA), Hong Kong Institution of Engineers (HKIE) and Hong Kong Institute of Surveyors (HKIS) at the Subcommittee meeting held on 16 May 2000.

Floor area measurements

2. The Administration noted the suggestions of HKIA and HKIREA that another definition of floor area apart from "gross floor area" and "saleable area" be included in the Bill. The Administration is concerned that the inclusion in sales brochures of too many different types of floor area of residential units put on sale will create confusion for home buyers. "Gross floor area" and "saleable area" are commonly used by private developers in floor area measurements for uncompleted residential properties. The adoption of standardized measurements of "gross floor area" as proposed under the Bill will enhance uniformity and transparency and will greatly facilitate potential homebuyers in accurately comparing the size (and price) of uncompleted residential properties. The proposed definition of "gross floor area" is considered appropriate having regard to its consistency with the basis of calculation of the total gross floor area approved by the Building Authority for plot ratio calculation under the Buildings Ordinance and Building (Planning) Regulations. We have already submitted a paper prepared by the Building Authority giving detailed explanations on the basis adopted for calculation of total "gross floor area" under the Buildings Ordinance.

3. We have adopted in the White Bill the definition of “saleable area” which has been used widely in sales brochures and agreements for sale and purchase of uncompleted residential properties under the Lands Department Consent Scheme. The proposed definition of “saleable area” is also consistent with the Code of Measuring Practice published by the HKIS. We note the views of the HKIREA that there is ambiguity over whether exempted areas such as air-conditioning plant rooms inside a residential unit should be included in calculating the “gross floor area” and “saleable area” of a residential unit. The Administration will take these views into consideration when drawing up the draft legislation.

“Net usable area”

4. The Administration noted the reservations expressed by the REDA and the Consumer Council towards the provision of the “net usable area” with a margin of acceptable discrepancy in the sales brochures. The Administration considers that such provisions may not necessarily be in the best interest of the consumers. The Administration noted the Consumer Council and HKIREA’s support for the provision in sales brochures of minimum dimensions of certain parts, such as bedrooms, of the uncompleted units. We will take these suggestions into consideration when drawing up the draft legislation.

Effect of certain information set out in the sales brochures

5. The Administration noted the views of the Consumer Council that the average buyer would find those information contained in Part I of Schedule 1, such as layout plan, land use etc., of more significant concern and relevance to his purchase decision. The Consumer Council suggested that greater consumer protection be accorded in respect of such information to be provided in sales brochures. Noting the reservation expressed by REDA towards the suggestion of the Consumer Council, the Administration will consider both sides of the arguments when finalising the draft legislation.

Location plan

6. The Administration noted the views of REDA and HKIS expressed on this issue. The Administration is of the view that location plans should provide sufficient information from the town plans for better consumer protection.

7. On the concerns of REDA regarding access to information on land use of adjacent areas, the Administration considers that there are existing channels of access to the updated information from relevant government departments. The Administration will try to strike a balance between the concerns of the developers and the interests of consumers when finalising the draft legislation.

8. On the HKIREA's suggestion that a one-month cut-off date for gathering information on land use before printing of sales brochures, we welcome further views from the public on this suggestion.

Disposition plan

9. The Administration noted the concerns of REDA, HKIREA and HKIA that the requirement of providing detailed information on later phases of a large residential development would reduce the flexibility of the developers in refining the overall design of the project in later phases. The Administration welcome views from the public on this important matter before deciding on whether changes will be made to the Bill in this aspect.

Finishes and fittings

10. The Administration considers that it is in the consumers' interest to require an Authorized Person to certify that alternative finishes and fittings are of equivalent standard. We also share the views of the Consumer Council that the purchasers are not equipped with the knowledge to assess the quality of alternative finishes and fittings offered by the developers. The Administration noted the concern of HKIA on the difficulties in implementing the requirement. We welcome further

views from the public on this matter before we decide whether to make changes to the proposed requirement under the Bill.

Sample Property

11. For sample properties not provided on site, the Administration noted the suggestion of the Consumer Council that the sample properties should be presented in perspective of the actual surrounding environment. The Administration also noted the concerns of REDA and HKIREA on the requirements regarding the accuracy of the internal dimensions of sample properties. The Administration is of the view that if a sample property is provided, it should be representative in terms of the dimension and internal partition of the actual unit for sale. The Administration welcomes further views from the public on the proposed requirements regarding sample properties provided by developers.

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