

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Home Ownership Committee

Review of Flat Selection Arrangement

PURPOSE

To seek Members' approval to maintain the existing HOS flat selection priority whereby three ordinary Green Form (GF) applicants alternate with one White Form (WF) applicant.

BACKGROUND

2. In previous HOS sales exercises, three GF applicants alternated with one WF applicant for flat selection (3G:1W). In Phase 16B, the quota for WF applicants was reduced from 50% to 33%; to compensate and give WF applicants a better opportunity to buy more popular flats, priority for selection was revised to two GF applicants alternating with one WF applicant (2G:1W) (Paper No. HOC 36/94).

3. It was subsequently noted that while the purchase rate^{Note} for WF applicants had remained stable, that for GF had dropped significantly, substantially reducing the number of rental flats recoverable from GF applicants to alleviate the shortfall in rental supply. Members therefore directed reversion to 3G:1W priority with effect from Phase 17B, subject to a review after one year (Paper No. HOC 51/95).

EFFECT OF THE REVISED ARRANGEMENT

4. As shown in the table below, the purchase rate of ordinary GF applicants in Phase 17B, 18A and 18B was much the same as in previous phases. However, the average purchase rate of WF applicants in these three phases dropped from an average of 84% to 74%.

Note : Purchase rate = the number of successful purchasers over the number of eligible purchasers invited for flat selection

	<u>Purchase Rate (%)</u>						
	<u>(2G:1W)</u>			<u>(3G : 1W)</u>			
	<u>16B</u>	<u>17A</u>	<u>Average</u>	<u>17B</u>	<u>18A</u>	<u>18B</u>	<u>Average</u>
Ordinary Green Form	13	18	15.5	19	9	17	15
White Form	84	84	84	81	70	70	74

5. The sharp decrease in purchase rate in Phase 18A for GF applicants is attributable to the fact that three out of the five projects put on sale in this Phase were infill sites with top priority in flat selection accorded to local residents, who subsequently took up almost half of the flats. Many GF applicants declined to turn up for flat selection given the low number of well-located flats then available.

CONSIDERATION

6. In the coming year, there will continue to be a shortage in supply of rental flats. The major source of additional supply will be vacated flats recovered from sitting tenants upon their purchase of HOS flats. It is not therefore considered advisable to make any reduction in priority to ordinary GF applicants.

7. In addition, it is one of the objectives proposed in the Long Term Housing Strategy that public rental housing tenants should be encouraged to become home owners through various means including HOS. A higher chance for GF applicants to buy a flat of their choice would assist them in fulfilling their aspiration for home ownership.

RECOMMENDATION

8. It is recommended that the existing flat selection arrangement, viz. 3G:1W be maintained from Phase 18C onwards. Should there be a need to review this arrangement in future, Members' approval will be sought.

PUBLIC REACTION AND PUBLICITY

9. The recommendation to retain the existing flat selection arrangement is not expected to attract much objection from the general public.

PRESUMPTION

10. It is not thought that Members will object to the recommendation in paragraph 8. If no objection or request for discussion is received by the Committees' Secretary **by noon on 26 February 1997**, Members' approval will be presumed and appropriate action taken.

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