

**THE HONG KONG HOUSING AUTHORITY**

**Memorandum for the Home Ownership Committee**

**Sale of Home Ownership Scheme/  
Private Sector Participate Scheme Flats  
after Expiry of the 10-year Alienation Restriction Period**

**PURPOSE**

To inform Members on the time required for premium assessment and that allowed to Home Ownership Scheme / Private Sector Participation Scheme (HOS/PSPS) owners for payment of premium.

**CURRENT PROPERTY MARKET SITUATION**

2. In the current booming property market, there are increasing speculative sales activities for private sector as well as on HOS/PSPS flats passing beyond the 10-year alienation restriction period. There were 108 'confirmor' cases for HOS/PSPS flats in 1996, representing 2% of the transactions of HOS/PSPS flats in the open market. A hefty 50% increase was recorded in applications for premium assessment to over 500 cases per month during the last six to nine months. Such applications are expected to further increase with the coming expiry of the alienation restriction period in April and May 1997 for four HOS/PSPS projects of 6,250 flats, including the popular urban Kornhill project.

**PREMIUM ASSESSMENT**

3. With the large increase in premium applications, it normally takes some six to eight weeks for premium assessment. At present, an HOS owner is allowed a 3-month period of payment following receipt of our premium advice. This arrangement allows the owner sufficient time to dispose of his flat so that the premium can be paid out of the sales price.

## **IMPROVEMENT MEASURES**

4. In order to curb opportunities for speculation in the current property market situation, the following measures are proposed -

**(a) Reduction of the period for premium payment**

In the last six months, about 48% of owners paid the premium within the first month from the date of notice of payment and 32% settled between one to two months. We may reduce the period for payment of premium (i.e. the validity period of the premium advice) to two months.

**(b) Speeding up of premium assessment**

Notwithstanding the tight staffing situation, premium advice can normally be given within six to eight weeks. To cope with the current situation, the Department is redeploying additional staff to speed up the premium assessments aiming to complete the premium assessment in about one month. Members will recall having endorsed the contracting out of premium assessments to private surveyors at end 1996 (Paper No. HOC 85/96). Pending amendment to the Housing Ordinance which is now in good progress, implementation of privatisation can commence in a few months' time.

**(c) Charge of Administrative fee for re-assessment**

Under the current practice, HOS/PSPS owners applying for re-assessment of premium within six months from the first application are not subject to further charge of administrative fee. To avoid abuse, an administrative fee will be levied for re-assessment.

5. An illustration showing the time for premium assessment and payment of the same under both the existing and the proposed new arrangement is at **Annex**

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## IMPLEMENTATION

6. To allow sufficient time to clear the backlog of premium applications in hand, we propose to implement the new arrangement with effect from 1 May 1997.

## PUBLIC REACTION

7. Public would welcome measures to curb property speculation. HOS/PSPS owners are expected to welcome the speeding up of the premium assessment; the reduction of the validity period to two months should be regarded as reasonable.

## PRESUMPTION

8. It is not thought that Members will object to the recommendations at paragraphs 4 and 6 on the proposed improvement measures and implementation date respectively. If no objection or request for discussion is received by the Committees' Secretary **by noon on 15 April 1997**, Members' approval will be presumed and appropriate action taken.

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