

Summary of the Key Parameters of the Pilot Scheme

- (a) **Pricing:** The Private Subsidised Sale Flats (Private SSFs) will be sold at a fixed discount rate at 35% of the market price.
- (b) **Land Premium:** For the “public tendering approach”, a reserve price will be set taking into account the 35% discount rate for sale prices of private SSFs. For the “private land approach”, the land premium will be set at a concessionary rate of one-third of full market value (FMV) for the domestic portion, and FMV for the non-domestic portion.
- (c) **Flat size and number:** The land documents will specify (i) the minimum size for all the flats to be built at 26 sq. m. in saleable area (SA); (ii) the minimum number of flats to be built at the site; and (iii) that not less than 70% of all the flats should be no smaller than 34.8 sq. m. in SA, i.e. the lower end of the size range in HOS development for accommodating three to four persons.
- (d) **Quality assurance:** The Government or the Hong Kong Housing Authority will not buy back any unsold flats from the developer. For unsold flats, developers can choose to (i) pay premium to the Government for selling all unsold flats in the open market; or (ii) launch another sale exercise to resell all unsold flats. Developers will also be required to employ an independent checker to conduct final inspection of building works.
- (e) **Eligibility criteria and selection of buyers:** The eligibility criteria and alienation restrictions adopted under the prevailing Home Ownership Scheme (HOS) and housing policy will be followed. For the “private land approach”, if individual developer wishes to use their own land to assist a particular target group (e.g. youth) to meet their homeownership aspirations, the Government will allow developers to make minor modification to the eligibility criteria on top of the HOS requirements. Such minor modification will be considered and approved by the Secretary for Housing (S for Housing) on a case-by-case basis.
- (f) **Sales arrangements:** Developers should put up for sale all private SSFs in one batch within one calendar month after S for Housing has notified the developer of the approved sale prices of the private SSFs (or such other date as may be decided by S for Housing).

- (g) **Commercial portion:** As land premium at FMV would be charged for the non-domestic portion of the site, the Government will not impose any across-the-board restriction on the assignment/letting/management of the commercial portion. The Director of Lands can, in consultation with relevant bureaux and departments, impose certain alienation restrictions of the commercial portion based on the merits of individual sites.

- (h) **Associated Facilities:** Apart from works contingent upon development, the Government will require the developer to build welfare and community facilities within the private SSF development, which are not contingent upon development, via deduction from land premium. Such facilities will be handed back to the relevant Government departments for management and maintenance.

- (i) **Mortgage arrangement:** Developers can provide their own mortgage arrangements for buyers as they consider appropriate. Meanwhile, the Government will discuss with the Hong Kong Mortgage Corporation Limited as to whether it can provide mortgage insurance for private SSF buyers of projects under the Pilot Scheme, such that they could obtain mortgage of a higher loan-to-value ratio from banks.
