

URBAN RENEWAL AUTHORITY

**FLAT-FOR-FLAT
(PILOT SCHEME) PAMPHLET**

**Applicable to Urban Renewal Authority's Demand-led
Redevelopment Projects (Pilot Scheme)**



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I. PURPOSE OF PAMPHLET

This pamphlet is applicable to the “flat for flat” pilot scheme of Demand-led Redevelopment Projects (Pilot Scheme) of Urban Renewal Authority (“URA”).

This pamphlet is intended to give an introduction to the Eligible Owner-occupiers (as defined in II below) the principles and framework of the “flat for flat” pilot scheme of Demand-led Redevelopment Projects of URA (“Demand-led FFF Scheme”). The information contained in this pamphlet is valid from the date of this pamphlet until amended by URA which reserves its right to make amendments to the “flat for flat” pilot scheme and Demand-led FFF Scheme from time to time without prior notice to the Eligible Owner-occupiers.

II. BACKGROUND AND PRINCIPLES OF THE FFF SCHEME

- (i) Pursuant to the new Urban Renewal Strategy promulgated on 24th February 2011 (“the New URS”) by the Development Bureau, URA will offer a choice of “flat for flat” to owner-occupiers (“the Eligible Owner-occupiers”) who reside in their domestic units as their sole residence in URA’s redevelopment projects (“URA Redevelopment Projects”) commenced after the promulgation of the New URS. The “flat for flat” offer will be in URA new development to be built in-situ or in the same district or at available sites (“the FFF Scheme”). It was further mentioned in the New URS that the amount of cash compensation and ex-gratia payment offered to an owner-occupier will not be changed regardless of whether or not he elects to take up the choice of “flat for flat” offer.
- (ii) One of the aims of the FFF Scheme is to preserving the social network of domestic owner-occupiers who reside in areas affected by URA Redevelopment Projects as their sole residence.
- (iii) The FFF Scheme is an additional choice offered to domestic owner-occupiers and will not change the amount of cash compensation and ex-gratia payment offered to a domestic owner-occupier.
- (iv) The FFF Scheme is not an exchange of a new flat of equivalent or similar size for an existing flat to be acquired by URA for URA Redevelopment Projects.
- (v) Pursuant to the new URS, URA may initiate a redevelopment project on its own or respond to a joint approach from building owners to initiate redevelopment of their lots/buildings. URA Redevelopment Projects in this pamphlet include redevelopments projects initiated by URA and URA’s Demand-led Redevelopment Projects.

III. ELIGIBILITY TO PARTICIPATE IN THE FFF SCHEME

- (i) In order to take up the choice of joining the Demand-led FFF Scheme of Demand-led Redevelopment Project, an interested Eligible Owner-occupier must (a) have already

accepted within the offer period the conditional acquisition offer tendered to him by URA for the purchase of his property within the relevant Demand-led Redevelopment Project and (b) have also entered into a legally binding agreement for sale and purchase (“**the Existing Property ASP**”) with URA. Those owners who have satisfied the above requirements are hereinafter referred to as eligible demand-led owner-occupiers (“Eligible Demand-led Owner-occupiers”).

- (ii) URA will issue offer to Demand-led FFF Scheme to Eligible Demand-led Owner-occupiers. Interested Eligible Demand-led Owner-occupiers have to complete the Confirmation of Participation of Flat-for-Flat Scheme form attached in the offer and return the form to URA before the expiration date as specified in the offer. Eligible Demand-led Owner-occupiers must indicate in the Confirmation of Participation of Flat-for-Flat Scheme form his preference for In-situ Redevelopment or Kai Tak Development (“**the Preferred New Development**”) and floor zone (“**the Preferred Zone**”) and size (“**the Preferred Size**”) mentioned in paragraph IV below.

IV. CHOICES OF ACQUISITION RIGHT IN FLATS AVAILABLE UNDER THE DEMAND-LED FFF SCHEME

- (i) An Eligible Demand-led Owner-occupier will be offered the said right to purchase a residential flat of the Preferred Size in the Preferred Zone of either of the following new developments (“**the New Flat Acquisition Right**”):
 - a) Flats (“**the In-situ Flats**”) situated at the lowest few floors designated for the FFF Scheme by URA at its absolute discretion within the building(s) of the new development to be built on sites where the properties of the Eligible Demand-led Owner-occupiers to be acquired by URA are situated (“**the In-situ Redevelopment**”); and
 - b) Flats (“**the Kai Tak Flats**”) in the building(s) of the new development to be built on New Kowloon Inland Lot No.6515, a site in Kai Tak district designated for the FFF Scheme and granted by the Government of Hong Kong to URA (“**Kai Tak Development**”).
- (ii) The New Flat Acquisition Right is only a right to acquire a residential flat of a stipulated size in a stipulated floor zone of a stipulated development but not a right to acquire any specific residential flat.

V. HOW THE FFF SCHEME OPERATES

A. Basic Information concerning the Flats for the FFF Scheme

(i) In-situ Flats

- Small to medium sized flats (broadly 300 to 650 sq.ft. in saleable area) located at the lowest few domestic floors (to be designated by URA from time

to time at its absolute discretion) of the In-situ Redevelopment will be offered to Eligible Demand-led Owner-occupiers.

- The flat sizes, number of flats and numbers of floors in the In-situ Redevelopment to be offered for selection by Eligible Demand-led Owner-occupiers of any URA Demand-led Redevelopment Project shall be determined by the URA at its absolute discretion.

(ii) Kai Tak Flats

- URA has the absolute discretion to determine the flat sizes, number of flats and the number of floors in the Kai Tak Development to be offered for selection by Eligible Demand-led Owner-occupiers of any URA Demand-led Redevelopment Project. The flat sizes of the Kai Tak Development are broadly 350 to 650 sq.ft. in saleable area.
- URA will as far as practicable ensure Eligible Owner-occupiers of later URA Redevelopment Projects will be on an approximately equal footing with those in earlier URA Redevelopment Projects in the flat selection process.

B. Price of Flats

(i) In-situ Fixed Unit Price

- In-situ Flats will be divided into different floor zones as shown in Diagram A below. There will be different fixed unit prices per sq.ft. (“**In-situ Fixed Unit Price**”) for each of the different floor zones.
- In-situ Fixed Unit Prices for each of the different floor zones will be valued by independent valuers appointed by URA by making reference to market prices of flats in comparable new buildings in the district or similar districts at the Fulfillment Date (as defined in paragraph V(B)(iii) below).
- The In-situ Fixed Unit Price for each floor zone will be then determined by URA, which unit price will be the average market price per sq. ft. of saleable area for all the flats within that particular floor zone, regardless of whether any flat within that floor zone is made available for selection by Eligible Demand-led Owner-occupiers of the relevant URA Demand-led Redevelopment Project.
- There shall only be one In-situ Fixed Unit Price for each of the different floor zones for any particular one URA Demand-led Redevelopment Project, whatever the floor or orientation of any individual flat within the particular floor zone may be, and that particular In-situ Fixed Unit Price shall be applicable to all flats within that floor zone. Different URA Demand-led Redevelopment Project will have its own In-situ Fixed Unit Prices for flats in its In-situ Redevelopment.

(ii) Kai Tak Fixed Unit Price

- Kai Tak Flats will be divided into different floor zones as shown in Diagram B below. There will be different fixed unit prices per sq. ft. (“**Kai Tak Fixed Unit Price**”) for each of the different floor zones.
- Kai Tak Fixed Unit Prices for each of the different floor zones will be assessed by independent valuers appointed by URA by making reference to the market prices of units in comparable new buildings in the Kai Tak district or similar districts at the Fulfillment Date (as defined in paragraph V(B)(iii) below).
- Kai Tak Fixed Unit Price for each floor zone will then be determined by URA, which unit price will be the average market price per sq. ft. of saleable area for all the flats within that particular floor zone, regardless of whether any flat within that particular floor zone is made available for selection by Eligible Owner-occupiers of the relevant URA Redevelopment Project.
- There shall only be one Kai Tak Fixed Unit Price for each of the different floor zones for any particular one URA Redevelopment Project whatever the floor or orientation of individual flat within that particular floor zone may be, and that particular Kai Tak Fixed Unit Price shall be applicable to all flats within that floor zone. For different URA Redevelopment Projects commencing on different dates, they can have different Kai Tak Fixed Unit Prices, which will be valued by independent valuers appointed by URA by reference to the relevant market prices of flats in comparable new buildings in the district or similar districts at the relevant times.

(iii) Fulfillment Date means :-

After the granting of the authorization by the Secretary for Development to URA to proceed with the relevant project (“SDEV’s Authorization”) under Section 24 of the Urban Renewal Authority Ordinance (“URAO”); and

- (a) if no appeals to the SDEV’s Authorization is filed, Fulfillment Date means the expiry of 30 days after the publication of gazette on the SDEV’s Authorization under Section 24 of the URAO; or
 - (b) if appeal(s) to the SDEV’s Authorization is/are made under Section 28 of the URAO, Fulfillment Date means the publication of gazette of the decision on dismissal of all appeals by the Appeal Board under Section 28(21) of the URAO.
- (iv) The purchase price of the New Flat (as defined in paragraph (V)(E) below) will be either the In-situ Fixed Unit Price or the Kai Tak Fixed Unit Price multiplied by the Allocated Size (as defined in paragraph (V)(C) below) subject to adjustment as mentioned in paragraph (V)(F) below.

Diagram A

In-situ Flats

Small to medium sized flats
(Broadly 300 – 650 sq.ft.
saleable area)

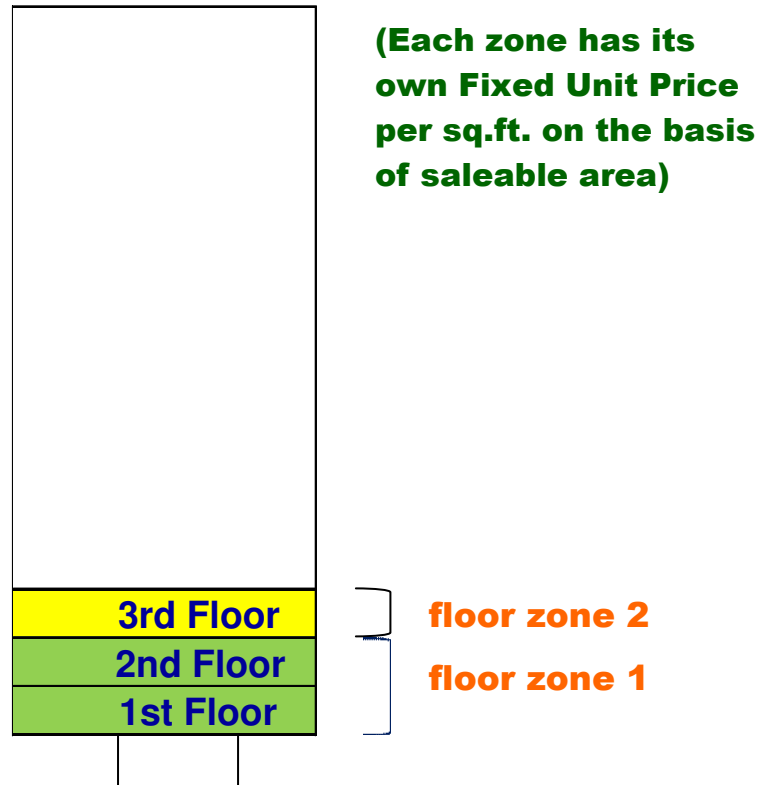


Diagram B

Kai Tak Flats

Small to medium sized flats
(Broadly 350 – 650 sq.ft.
saleable area)



Note: The above floor zones and floor levels within any floor zone for In-situ Flats in Diagram A are examples only. URA reserves the right to determine and change the number of floor zones and the floor levels within any floor zone for In-situ Flats of different URA Redevelopment Projects from time to time. For Kai Tak Flats, until such change as may be made by URA from time to time at its absolute discretion, the floor zones and floor levels within a particular floor zone shall be as shown in Diagram B.

C. Selection of Flat Size and Floor Zone and New Development

- (i) URA will inform Eligible Demand-led Owner-occupiers of the particulars of New Flat Acquisition Rights for the In-situ Redevelopment and the Kai Tak Development which will be available for their selection at the time of issue of offer to Demand-led FFF Scheme.
- (ii) Following (a) the decision by the Eligible Demand-led Owner-occupier to participate in the Demand-led FFF Scheme and (b) the allocation of the New Flat Acquisition Right of a particular flat size within a particular floor zone in the In-situ Redevelopment or in the Kai Tak Development to him through the selection process under sub-paragraph (iii) or (v) below, an Undertaking (“**the Undertaking**”) will be signed between URA and him within the stipulated period. After the signing of the Undertaking, the Eligible Demand-led Owner-occupier will be referred to as “**the Participating FFF Owner**”. The Undertaking is a legally binding document between URA and the Participating FFF Owner pursuant to which URA undertakes to offer to sell to the Participating FFF Owner a flat under the New Flat Acquisition Right in a particular new development (“**the Allocated New Development**”) of a particular size (“**the Allocated Size**”) and within a particular floor zone (“**the Allocated Zone**”).
- (iii) The number of New Flat Acquisition Right set aside for the Demand-led FFF Scheme and available for selection by the Eligible Demand-led Owner-occupiers of a particular URA Demand-led Redevelopment Project is limited. After the expiration of the offer to Demand-led FFF Scheme and if the demand for the New Flat Acquisition Right for flats of any particular size within any particular floor zone in any particular new development shall exceed the total number of that particular type of New Flat Acquisition Right designated for selection by the Eligible Demand-led Owner-occupiers, a ballot (“**the First Round Ballot**”) will be arranged by URA to determine which Eligible Demand-led Owner-occupiers can be allocated with that type of the New Flat Acquisition Right. If there shall be any type of New Flat Acquisition Right of flats of either the In-situ Redevelopment or the Kai Tak Development available for selection after the First Round Ballot, the Eligible Demand-led Owner-occupiers who have not been allocated with any New Flat Acquisition Right in the First Round Ballot can participate in a second round ballot (“**the Second Round Ballot**”) on the same date of the First Round Ballot conducted by URA. The Second Round Ballot shall determine the order of priority of an Eligible Demand-led Owner-occupier who has not been allocated with any New Flat Acquisition Right in the First Round Ballot and who is interested in participating in the Second Round Ballot choosing any one of the remaining type New Flat Acquisition Rights for flats (no matter the size, floor zone and new development) available for selection. The Eligible Demand-led Owner-occupiers

who have been allocated with New Flat Acquisition Rights for the Demand-led FFF Scheme, shall within 7 business days after the date of First Round Ballot or the Second Round Ballot (whichever is applicable) enter into the Undertakings with URA.

- (iv) The following is an example for reference:

10 New Flat Acquisition Rights for the type of flat of 350 sq.ft. size in floor zone 1 of the Kai Tak Development are available for selection and there are 15 Eligible Demand-led Owner-occupiers who have selected that type of New Flat Acquisition Right. These 15 Eligible Demand-led Owner-occupiers will go through the First Round Ballot. The Eligible Demand-led Owner-occupiers who come out as the top 10 in terms of order of priority will be entitled to participate in the Demand-led FFF Scheme and allocated with the type of New Flat Acquisition Right of a 350 sq. ft. flat size in floor zone 1 of the Kai Tak Development.

Those 5 Eligible Demand-led Owner-occupiers who have not been allocated with any type of New Flat Acquisition Rights in the First Round Ballot can then participate in the Second Round Ballot and choose from the remaining available types of New Flat Acquisition Rights in the In-situ Redevelopment and the Kai Tak Development not yet taken up by any Eligible Demand-led Owner-occupiers, following the priorities allocated to them in the Second Round Ballot. For example, on his turn for selection of New Flat Acquisition Right in the Second Round Ballot, if there is a New Flat Acquisition Right of 450 sq. ft. flat size available in floor zone 1 of In-situ Redevelopment and if he is willing to take up that type of the New Flat Acquisition Right, he can choose that New Flat Acquisition Right to participate in the Demand-led FFF Scheme.

- (v) If the demand of New Flat Acquisition Right for flat of any particular size within any particular floor zone in either the In-situ Redevelopment or the Kai Tak Development is equal to or less than the total number of New Flat Acquisition Right for flats of that type available for the Eligible Demand-led Owner-occupiers for that URA Demand-led Redevelopment Project, the Preferred Size, the Preferred Zone and the Preferred New Development selected by an Eligible Demand-led Owner-occupier shall then automatically be the Allocated Size, the Allocated Zone and the Allocated New Development respectively of that Eligible Demand-led Owner-occupier's New Flat Acquisition Right for participation in the Demand-led FFF Scheme. In such event, URA will notify the Eligible Demand-led Owner-occupier by written notice that a New Flat Acquisition Right of his preference is allocated to him for participation of the Demand-led FFF Scheme and he shall enter into the relevant Undertaking with URA within 7 business days after the date of the written notice from URA.
- (vi) Each of URA and the Participating FFF Owner shall bear its own legal costs and disbursements of and incidental to the preparation, approval and completion of the Undertaking provided that URA shall reimburse the Participating FFF Owner's legal costs for approval and completion of this Undertaking up to a maximum of HK\$3,000 upon production of evidence of payment of legal costs to URA's

satisfaction. The stamp duty (if so payable) payable on the Undertaking shall be borne and paid by the Participating FFF Owner solely.

D. Security Money under the Undertaking

- (i) The provisional purchase price of the flat to be sold by URA to the Participating FFF Owner pursuant to the New Flat Acquisition Right (“**the Provisional Allocated Flat Consideration**”) shall be the Allocated Size multiplied by the relevant Fixed Unit Price.
- (ii) Upon the signing of the Undertaking, a sum equivalent to 30% of the Provisional Allocated Flat Consideration (“**the Security Money**”) shall be paid by the Participating FFF Owner to the solicitors of URA as stakeholders as security for the Participating FFF Owner’s obligations under the Undertaking pursuant to the terms of the Undertaking.

E. Selection of New Flat After Pre-Sale Consent

- (i) The Participating FFF Owner shall within 30 business days of the issue of a written notice from URA to the Participating FFF Owner informing him that the pre-sale consent of the Allocated New Development (“**the Pre-Sale Consent**”) has been given by the Director of Lands (a) attend the office of URA or other place designated by URA and (b) select a flat of the Allocated Size from the Allocated Zone of the Allocated New Development pursuant to the New Flat Acquisition Right and (c) sign the preliminary agreement for sale and purchase (“**the New Flat PASP**”) of the flat so selected (“**the New Flat**”) with URA immediately after the selection of the New Flat and (d) pay the New Flat Initial Deposit at the time and manner as described under paragraph G below. The priority of the Participating FFF Owner to select the flat shall be determined by ballot or in such other manner as may be determined by URA at that time (“**the New Flat Selection Process**”).
- (ii) URA shall adopt the following principles in the balloting or any other arrangement for the New Flat Selection Process as far as practicable :
 - (a) balloting shall be conducted openly;
 - (b) all Participating FFF Owners from different URA Redevelopment Projects allocated with the type of New Flat Acquisition Right of the same Allocated Size, the same Allocated Zone and the same Allocated New Development will participate in the same New Flat Selection Process at the same place and time;
 - (c) the number of flats of any particular Allocated Size in any particular Allocated Zone of any particular Allocated New Development available for balloting by the Participating FFF Owners of different URA Redevelopment Projects will be the total number of flats of that particular Allocated Size in that particular Allocated Zone of that particular

Allocated New Development (For example : Within a particular Allocated Zone of a particular Allocated New Development, there are twelve 350 ft² flat. At the time of the New Flat Selection Process, there are 2 Participating FFF Owners from URA Redevelopment Project A allocated with that type of New Flat Acquisition Right and 6 Participating FFF Owners from URA Redevelopment Project B allocated with the same type of New Flat Acquisition Right. At the time of the New Flat Selection Process, these 8 Participating FFF Owners will select/be allocated with their respective New Flats by way of ballot from the twelve 350 ft² flats in the Allocated Zone of the Allocated Development); and

- (d) the sequence of balloting will as far as practicable follow the respective dates of commencement of different URA Redevelopment Projects. Participating FFF Owners of the earlier URA Redevelopment Project will take part in the ballot earlier.

F. Adjustment of the Provisional Allocated Flat Consideration

Subject to paragraph H below, if the actual saleable area of the New Flat (“**the Actual Size**”) shall be more or less than the Allocated Size, the Provisional Allocated Flat Consideration will be adjusted upwards or downwards respectively by a sum equivalent to the difference between the Actual size multiplied by the Fixed Unit Price and the Provisional Allocated Flat Consideration. The Provisional Allocated Flat Consideration so adjusted, or if no adjustment is required then the Provisional Allocated Flat Consideration, will be referred to as “**the New Flat Consideration**”.

G. Payment Terms under the New Flat PASP and the New Flat ASP

- Upon the signing of the New Flat PASP by the Participating FFF Owner and the payment of a preliminary deposit in an amount as prescribed under the Residential Properties (First-hand Sales) Ordinance (“**the New Flat Initial Deposit**”) by the Participating FFF Owner, the entire sum of Security Money held under the Undertaking shall be forthwith released by the solicitors of URA to the Participating FFF Owners with the relevant interest earned in the stakeholder’s account whereupon the Undertaking shall be of no further effect. The New Flat PASP shall follow the terms of the Pre-sale Consent and the Residential Properties (First-hand Sales) Ordinance.
- Upon the signing of the formal agreement for sale and purchase of the New Flat (“**the New Flat ASP**”) pursuant to the New Flat PASP by the Participating FFF Owner within 5 working days of the New Flat PASP or within such time as prescribed under the Residential Properties (First-hand Sales) Ordinance, 30% of the New Flat Consideration less the New Flat Initial Deposit shall be paid by the Participating FFF Owner to URA as further deposit. The New Flat ASP shall follow the terms of the Pre-sale Consent scheme and the Residential Properties (First-hand Sales) Ordinance.

- The remaining 70% of the New Flat Consideration shall be paid by the Participating FFF Owner to URA on the completion of the New Flat ASP. The purchase of the New Flat shall be completed in accordance with the terms of the New Flat ASP.

H. Exit Mechanism

- After signing the Undertaking, the Participating FFF Owner may only terminate the Undertaking and be entitled to receive a refund of the Security Money together with interest (but without any claim to URA for damages or loss or compensation) in any of the following situations:
 - ✓ (If the In-Situ Redevelopment is selected) The new land grant for the In-situ Redevelopment is not granted by the Government to URA within 48 months after the date of issue of offer to Demand-led FFF Scheme.
 - ✓ URA is not able to sign the New Flat PASP with the Participating FFF Owner within 84 months after the date of issue of offer to Demand-led FFF Scheme for the In-situ Redevelopment (if the In-Situ Redevelopment is selected) or before 30 June 2016 for the Kai Tak Development (if the Kai Tak Development is selected).
 - ✓ The Actual Size of the New Flat is over 5% bigger or smaller than the Allocated Size.
- The Participating FFF Owner shall not be entitled to assign or transfer his right in the Undertaking (including the New Flat Acquisition Right) or to nominate any other person to enter into the New Flat PASP with URA.

I. Default of the Participating FFF Owner

In the event of any breach of the Undertaking by the Participating FFF Owner, 1/3 of the Security Money shall be forfeited to URA absolutely without prejudice to URA's right to claim for any further losses and damages from the Participating FFF Owner for the breach. The interest accrued in the stakeholders' account on the part of the Security Money so forfeited shall belong to URA.

J. Mutual Release of Obligations of Undertaking

Both URA and the Participating FFF Owner shall be released from the respective obligations under the Undertaking in the event of the coming into effect of any Ordinance or government regulation or directive or the existence of any land grant provisions or any other causes beyond the control of URA which renders performance of the Undertaking impossible ("force majeure event") whereupon the Security Money paid by the Participating FFF Owner shall be refunded to him by URA together with interest within 30 days of the happening of the force majeure event and the Participating FFF Owner shall have no further claim against URA for any damages or compensation arising out of or in connection with the Undertaking.

K. The Subsidized Sale Flats in Kai Tak Development is not applicable to FFF Scheme

- The Board of URA has resolved that, after endorsement of the Government of Hong Kong Special Administrative Region, approximately 70% of the flats in Kai Tak Development would be sold as subsidized sale flats at approximately 80% of the market price at the relevant time (“Subsidized Sale Flats”).
- Subsidized Sale Flats is not applicable to those flats allocated to the FFF Scheme of Kai Tak Development.

This pamphlet is issued for the purpose of general reference only. The information contained herein is with reference to the principles and practice of the Urban Renewal Authority prevailing at the date of issue of the pamphlet. It shall not constitute any representation on the part of the Urban Renewal Authority or give rise to any expectation whatsoever and shall not be relied on as such. Each case will be considered on its own merits having regard to all factors and circumstances. The Urban Renewal Authority’s right to add to, amend or delete the whole or any part of this pamphlet is hereby reserved.
