

## **Explanatory Notes on “Flat for Flat” — Preliminary Proposal**

- (i) “Flat for flat” provides owner-occupiers an alternative to cash compensation. In the spirit of fairness, it must be based on the amount of cash compensation. That is to say that an owner who opts for “flat for flat” should not benefit more than someone who chooses cash compensation.
- (ii) Apart from stating the cash compensation amount that is offered to an owner-occupier for his property, the URA’s acquisition offer documents will also set out the details of the “flat for flat” arrangement.
- (iii) An owner-occupier needs to make a decision on whether he will opt for cash compensation or “flat for flat” within 60 days. (This is to tie in with the 60 day deadline set for the acceptance of acquisition offer)
- (iv) To enable owner-occupiers to sufficiently understand the “flat for flat” arrangement, the URA’s acquisition offer shall include the following key information:
  - The URA will reserve units of specific sizes in future development for “flat-for-flat” arrangement. They will comprise lower floor units of 400, 500 and 600 square foot (saleable area). The URA will strive to design and reserve specifically-sized units to cater for the wishes of interested owners.
  - A “unit price per square foot of new flats” will be stated in the URA’s acquisition offer. This unit price will not change regardless of differences in floor or in orientation. That is to say that an interested owner can lock in the price of a new flat in advance. This unit price will be assessed at the same time as the assessment of the 7 year Home Purchase Allowance rate.
  - A certain portion of the cash compensation will be stakeheld

in a solicitor's firm for confirmation of an owner-occupier's participation in the flat for flat arrangement, as well as for paying towards the purchase price of the new flat. The balance will be paid to the owner at the outset to help him renting temporary accommodation or for other purposes before completion of the new flats.

- Selection of new flats will be done by ballot. If an owner has chosen a 500 square foot unit at the outset, he will be joining the same ballot with others who have similarly chosen 500 square foot units.
- (v) After going through the details of the "flat-for-flat" arrangement, owner-occupiers interested in participating in the arrangement will clearly know whether he needs to top-up in order to purchase a new flat (if the value of the new unit exceeds his cash compensation) or a balance is due to him (if the value of the new unit is less than his cash compensation). The owner only needs to top-up at the time of completion of the sale of the unit to him.
- (vi) No restrictions will be imposed on the owner-occupiers who had participated in "flat-for-flat" to transfer their unit to a third party after the completion of the sale of such unit to them by the URA. (No transfer of any kind can be effected during the development of the site.)
- (vii) Under special circumstances, the URA will consider allowing owner-occupiers who had selected "flat-for-flat" to withdraw from the arrangement.

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