

The 2007-08 Application List for land sale announced

\*\*\*\*\*

The Government announced today (March 16) the 2007-08 Application List for the sale of Government land up to March 2008.

Speaking at a media conference to announce the new 2007-08 Application List, the Director of Lands, Mr Patrick Lau, said that the Government would maintain the Application List system and land supply should be determined by market demand in accordance with the housing and land disposal policy stated by the Government on numerous occasions in the past.

"The Application List system is a market driven mechanism. It enables the market to determine flexibly the quantity and the timing of land to be put up for sale," Mr Lau said.

"As regards the 2007-08 Application List, we have taken into account the prevailing market conditions, the Government land available for the coming 12 months, the supply of land from other sources including railway-related projects, and

suggestions from the trade that the list should have more sites and a greater variety to suit different demands.”

In view of the keen interest shown by developers in triggering sites in the past year, the 2007-08 Application List offers a variety of choices to developers to meet their demand for smaller sites and sites for high-end residential development. It should be able to meet the different development strategies of the developers and more importantly the needs of the community.

“The new Application List will offer a total of 47 sites. In addition to the 37 sites rolled over from the current Application List, we have added 10 new and attractive sites,” Mr Lau said.

The new Application List comprises 33 residential sites and 14 commercial/business sites. Depending upon the final development to be undertaken, it is estimated that the residential sites, with a total area of about 28.7 hectares, can produce around 13,000 flats. Nine of the residential sites are located on Hong Kong Island, nine in Kowloon and

15 in the New Territories and outlying islands.

The 14 commercial/business sites, with a total area of about 9.5 hectares, are located in areas as diverse as Central, Kowloon Bay, Tsuen Wan, Tin Shui Wai, Sai Kung, Sha Tin and Kwun Tong.

" The new Application List includes 20 small sites each of less than 0.5 hectare in area. Among these, 13 sites are for residential use and 7 sites are for business or commercial use. These sites should be particularly attractive to medium-sized and small developers. The market will see more diversified development projects with different designs.

"The Application List also includes 11 large residential sites capable of generating a supply of about 6,700 flats," Mr Lau noted.

Mr Lau also announced two measures to facilitate triggering of sites -

- (a) reducing the deposit amount for applications from 10% to 5% of the submitted bid subject to a maximum amount of \$25 million; and
- (b) accepting a bank guarantee, as an alternative to a cashier order or a certified good cheque.

"We are committed to further enhancing the operation of the system and have decided to adopt two new enhancement measures to address the concerns of the users," Mr Lau remarked.

There are concerns from members of the real estate sector that the existing requirement for the applicant to put up a non-interest bearing deposit to support his triggering bid imposes a financial burden on the applicant regardless of whether he might ultimately succeed in the open auction after he has triggered the site.

Mr Lau said, "By adopting these two measures, the Government is responding positively to the wishes of the trade to lower their real or opportunity costs in making an

application to trigger a site. We are making the system more user-friendly, particularly to the small and medium-sized developers.”

Since January 2004, sale of Government land has mainly been conducted under the Application List system. A developer interested in any site on the Application List may submit an application to the Government for consideration. The applicant must offer a minimum price to purchase the site and pay a deposit. If the price offered by the applicant reaches at least 80% of Government's assessed open market value of the site concerned, the site will be put up for sale by auction or tender.

The 2007-08 Application List together with the relevant Explanatory Note, Application Form and Agreement as well as the Practice Note can also be viewed and downloaded at the Lands Department's website <http://www.landsd.gov.hk>.

Ends/Friday, March 16, 2007

NNNN