

Background Notes on the Application List System

1. In dealing with the Hong Kong's economic adjustment, the Financial Secretary in June 1998 launched a series of relief measures to help the community tide over the difficult period. One of the measures was to suspend all land sales by auction or public tender for the remainder of the 1998-99 financial year and freeze Private Treaty Grants for Sandwich Class Housing sites, to stabilize the property prices.

2. In February 1999, the Government announced that land sales would resume from April 1999 and introduced a new 'Application System' for sale of sites from a "reserve list". Under the Application System, a developer who is interested in any site on the List may apply to the Government for the sale of the site and offer a minimum price. If the Government considers that the minimum price is reasonable, it will put up the site for sale by public auction or tender as appropriate. The combination of sites in the "reserve list" with a regular land auction and tender programme enabled the market to decide the optimum amount of land to be made available for disposal and the timing for releasing additional land. It also provided flexibility which would help the Government to achieve its objective of stable property prices.

3. The Government in November 2002 made a statement on housing policy and announced a package of property market stabilization measures. One of the key measures was to stop all scheduled land auctions and suspend the Application List until the end of 2003. Thereafter, the supply of new land would only be triggered from the Application List.

4. In October 2003, the Government announced further measures to consolidate the housing policy, which included resumption of the Application List System from January 2004.

5. Since the resumption of Government land sale in 2004, a number of improvements had been made to the Application List System. In March 2005, the following measures were introduced :

- (a) to standardize the amount of deposit at 10% of the minimum price submitted subject to a maximum of \$50 million;

- (b) to require the applicant to send in the application form together with a deposit cheque and the completed Agreement;
- (c) to reduce the number of Government Gazette notices from three to two; and
- (d) to publish on a monthly basis the number of unsuccessful applications for the sites concerned on Lands Department's web site.

As a result of (b) and (c) above, the whole process would be shortened from around 10 weeks to about 7 weeks.

6. In June 2005, to further enhance the smooth operation of the System, it was decided that if the minimum price submitted by the applicant is 80% or more of our assessed Open Market Value (OMV) (i.e. within a 20% margin below the OMV), this will be accepted as a trigger to initiate an auction or tender. Under this arrangement, there will also be an undisclosed reserve price below which the site will not be sold, i.e. Government will only sell if the bidding meets or exceeds the reserve price.

7. On 16 March 2007, to further facilitate triggering and reduce the cost in making a bid, two new measures were introduced, namely,

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

8. The number of sites included in the Application List since its introduction in 1999 and that of the sites on the List sold are :

Application	Sites included in the List		Sites on application sold	
	No of Sites	Total Area (ha) about	No. of Site	Total Area (ha) about
1999/2000	32	33.27	6	8.50
2000/2001	28	24.51	1	2.60
2001/2002	34	39.69	4	3.40
2002/2003	29	33.37	2	2.50
2004/2005	17	13.10	6	6.33
2005/2006	35	26.84	3	2.80
2006/2007	45	38.30	8	6.69
2007/2008	47	38.20	9	11.65
2008/2009	62	59.73	-	-

Lands Department
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