

# **THE HONG KONG HOUSING AUTHORITY**

## **Memorandum for the Commercial Properties Committee**

### **Letting of Commercial Premises by Accepting Walk-In Applications**

#### **PURPOSE**

To inform Members of the progress of the scheme on accepting walk-in applications on a 'first-come-first-served' basis in commercial leasing.

#### **BACKGROUND**

2. With the slowdown of local economy which has posed a negative effect on the retail industry, tenders awarded for commercial premises leased by way of the existing open tender system have dwindled significantly in the first two quarters of 1998. An analysis of the trend of the tenders awarded during the period from February 1996 to March 1998 is shown in the **Annex**.

3. In order to maintain the competitiveness of Housing Authority's commercial properties and to provide a fast and simplified method of leasing, a modified mode of walk-in leasing on a 'first-come-first-served' basis has been adopted in a customer-care perspective.

#### **PROGRESS OF THE SCHEME**

4. The above-mentioned scheme operating through a number of on-going exercises was launched on 7 August 1998. In the first exercise which ended on 30 October 1998, a total of 152 shop premises which had failed to attract successful bidder after at least one attempt of letting by open rental tendering (in line with the criteria for letting by direct negotiation endorsed vide Paper No. CPC 15/98) were involved. This exercise which was widely publicized by the mass media has achieved encouraging results - 58% of the shop premises involved received market response.

5. As at 30 October 1998, a total of 448 prospective applicants had registered their interests for leasing and 251 applications in respect of 88 shop premises were received. All of these applications were processed on a 'first-come-first-served' basis. For cases where the offered rents were considered not acceptable, the applicants were coaxed to give an offer that would at least be on par with the rents assessed by the Valuation Unit. A total of 60 shop premises, representing 40% of total premises included in this exercise, were subsequently leased under delegated authority.

## **EVALUATION**

6. Among the approved cases in the subject exercise, 35 of the shop premises involved had failed previously to attract any successful bidder despite two consecutive open tendering attempts. The leasing method has proved an effective means in letting Housing Authority's commercial properties. Members may wish to note from the Annex that the percentage of tenders awarded in the third quarter of 1998 is on an upward trend.

## **THE WAY FORWARD**

7. Leasing by accepting walk-in applications on a 'first-come-first-served' basis will continue to be used for commercial premises which have failed to attract any successful bidder after at least one attempt of letting by open rental tendering. A second exercise of putting up some 120 shops/shopstalls for leasing in this way was launched in late December 1998.

## **INFORMATION**

8. This paper is issued for Members' information.

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