

For discussion on 2 April 2001

**LEGISLATIVE COUNCIL
PANEL ON PLANNING, LANDS AND WORKS**

Building Safety and Timely Maintenance

**COMPREHENSIVE BUILDING SAFETY
IMPROVEMENT LOAN SCHEME**

PURPOSE

This paper seeks Members' views on the proposal to merge the Building Safety Improvement Loan Scheme (BSILS) and the Fire Safety Improvement Loan Scheme (FSILS) to create a Comprehensive Building Safety Improvement Loan Scheme (the Comprehensive Scheme) with a commitment of \$700 million. Compared to the BSILS and the FSILS, the Comprehensive Scheme will have an expanded coverage of works, liberalized eligibility criteria and simplified procedures to assist owners to maintain and improve the safety of their premises.

BACKGROUND

2. The proposal forms part of a package of measures proposed for implementation by the Task Force on Building Safety and Preventive Maintenance. Members were consulted in outline on the proposals in this paper on 21 November and 4 December 2000.

3. The BSILS and FSILS were introduced in 1998 to provide financial assistance to encourage building owners to carry out certain improvement works to their buildings. However the loan schemes have attracted few applications*, yet the problems they were intended to alleviate continue to multiply.

*As at 28 February 2001

BSILS(\$500 million fund)	495 applications	400 approvals	\$14.84 million disbursed
FSILS (\$200 million fund)	5 applications	1 approval	\$0.156 million disbursed

SCOPE OF COMPREHENSIVE SCHEME

4. We propose that the Comprehensive Scheme should cover private domestic, composite and commercial buildings. It should provide assistance to owners, whether subject to statutory orders/directions or voluntarily, provided building professionals are employed, in the following areas.

a) Building safety

5. We propose that the scheme should cover structural safety, safety of external finishes and fire safety (as under the BSILS), but expanded to cover private buildings in Hong Kong over 20 years old, now numbering approximately 18 000, and other buildings as necessary.

b) Removal of UBWs

6. There are approximately 800 000 unauthorized building works (UBWs) on buildings in Hong Kong and there is a commitment by the Buildings Department (BD) to clear 150 000 to 300 000 UBWs over the next five to seven years and all 12 000 illegal rooftop structures on 4 500 single staircase buildings within seven years. The Comprehensive Scheme will provide assistance to owners to remove these UBWs.

c) Fire protection

7. We propose that owners of buildings intending to improve the fire safety of their premises through maintenance, repair or replacement of fire service installations (FSI) and equipment, means of escape, etc. should be eligible for loans. This should apply to owners who are subject to directions under the Fire Safety (Commercial Premises) Ordinance (Cap. 502) (as under the FSILS) or the proposed Fire Safety (Buildings) Ordinance (as stated at the Legislative Council Security Panel on 2 November 2000) or doing the same voluntarily. In addition, as fire safety in cubicles is a cause for concern, we propose that loans should be available to improve the fire resistance of kitchens in cubicle operations, the upgrading of FSI therein and for electrical wiring.

d) Lift safety

8. The 12 700 lifts over 20 years old will require replacement of major

components or even total replacement to ensure lift safety.

e) Slope safety

9. To assist owners of the 17 000 private or partially private slopes in Hong Kong the Geotechnical Engineering Office (GEO) provides advice on slope maintenance and upgrading. GEO will also conduct an annual audit of 1 200 wholly private slopes and ‘safety screening’ of 300 private slopes a year. Owners of private slopes will be eligible for assistance under the Comprehensive Scheme.

f) Other matters involving building safety

10. Building owners will be eligible for a loan to cover repair, maintenance and replacement of communal electric wiring, gas riser and plumbing.

Repayment of loans

11. We propose that for loans for domestic purposes the interest payable and the repayment conditions should in general follow the existing practice for the BSILS. Interest will normally be on a ‘no gain no loss’ principle, but the Director of Buildings (DB) may, on the advice of an Advisory Committee, grant an interest free loan to needy applicants based on an assessment of income and assets. Repayment of principal and interest would continue to be over a period of 36 months. To provide greater flexibility to meet the financial capacity of owners we propose to continue to give DB flexibility to provide interest free loans. For further flexibility to meet the financial capacity of the applicant, the repayment period for such loan may be extended to a period of 72 months or in extreme cases, to the transfer of property. All loans would be secured appropriately, depending on the amount of the loan. Similar arrangements are under consideration for owners of other types of property.

----- 12. At Enclosure 1 is a list of activities to be covered by the Comprehensive Scheme and at Enclosure 2 is a table showing the terms and conditions proposed for the loans.

FINANCIAL IMPLICATIONS

13. The Comprehensive Scheme is a revolving loan facility with a commitment of

\$700 million. We will merge the two existing loan funds and redeploy the existing posts dedicated to the implementation of the BSILS to establish a coordinated one-stop service under BD to process the loan applications of the Comprehensive Scheme. We will also require additional posts of one Senior Executive Officer and one Executive Officer I under BD to administer the Scheme. The estimated recurrent cost of the additional staff resources is \$1.883 million per annum at 2001 price-level. We have included these requirements in the 2001-02 Estimates.

TIMETABLE

14. Subject to approval by the Finance Committee of the Legislative Council, we aim to start inviting applications for loans under the Comprehensive Scheme in July 2001. We will provide owners with information on the Comprehensive Scheme through seminars and the existing liaison networks. Such information will also be available on the Government website. We will review the adequacy of the loan commitment in the light of experience and the actual demand for the loans.

Planning and Lands Bureau
March 2001

**List of activities to be covered by the
Comprehensive Building Safety Improvement Loan Scheme
(CBSILS)**

- (a) works pertaining to the improvement of the structural aspects of buildings, e.g. repair to loose, cracked, spalled or otherwise defective concrete;
- (b) works pertaining to the improvement of the safety of external elevations of buildings, e.g. repair to defective rendering and mosaic tiles, the removal of unauthorized building works attached to external elevations;
- (c) works pertaining to the improvement of the fire safety of buildings, e.g. means of escape, means of access for fire fighting and rescue and fire resisting construction and the removal of unauthorized building works affecting fire safety;
- (d) works pertaining to provision of, improvement to and maintenance of fire service installations and equipment of buildings;
- (e) works pertaining to improvement of communal building and sanitary services, e.g. repairing, maintaining and replacing lifts, fire service installations and equipment, electrical wiring, gas risers, replacing defective soil, waste, rainwater, water supply and vent pipes, and underground drainage;
- (f) works pertaining to maintenance or improvement of the safety of slopes and retaining walls;
- (g) works pertaining to the improvement of the fire and building safety of cubicles;
- (h) maintenance works in association with the aforementioned works, including investigation works and professional services; and
- (i) any incidental or consequential works related to the above (a)-(h).

**Terms and Conditions for Loans
Under Comprehensive Building Safety Improvement Loan Scheme (CBSILS)**

Category of Loan : I) Upgrading and improvement works to building safety

Eligibility		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
a)	Building owners who carry out repair (including the common parts) to their buildings required under orders/directions or voluntarily	Works carried out to improve structural stability, the external finishes or the fire safety of a building, and the associated or consequential works such as repair and reinstatement of electrical installations, fire services installations, lifts, plumbing and minor slope maintenance works.	Not exceeding \$1M per unit of accommodation; Deed of Indemnity for loan of \$100,000 or below; and legal charge/bank guarantee for loan more than \$100,000.	Appointment of registered contractors, qualified geotechnical engineers, and/or Authorized Persons registered under relevant ordinances as required by DB/DFS/DEMS/DWS.
b)	Building owners who remove UBW of their building required under orders or voluntarily	Removal of UBW and any consequential or incidental works and services related to the said works;	Not exceeding \$50,000 per unit of accommodation but a loan up to \$100,000 may be approved where the proposed works are essential to meet with statutory requirements; Deed of Indemnity for the loan amount.	

Category of Loan : II) Upgrading and Improvement Works to Fire Safety of Building

Eligibility		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
a)	Building owners who upgrade/improve fire safety of premises or building required under statutory orders/directions or on a voluntary basis.	Works and related works and professional services pertaining to the provision of or improvement to (i) fire safety construction; and/or (ii) fire service installations or equipment on premises or in building.	\$1,000,000 per unit. Legal charge or bank guarantee or other form of security to the satisfaction of DB for loan above \$100,000. Deed of Indemnity for loan below \$100,000.	Appointment of Authorized Persons/Registered Contractors
b)	Building owners who maintain fire service installations or equipment.	Repair or replacement of fire service installations or equipment.	“	Appointment of Registered Contractors
c)	Building owners who improve fire safety of cubicle units on a voluntary basis.	(a) Restoration or upgrading of fire resisting construction of kitchen; (b) Provision of or improvement to fire service installations and equipment.	\$20,000 per unit of accommodation. Deed of Indemnity for the loans amount.	

Category of Loan : III) Maintenance and Upgrading of Slopes/Retaining Walls

Eligibility		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
a)	Building owners who carry out routine slope maintenance works, including maintenance of water pipes affecting slopes, on a voluntary basis.	Routine maintenance inspection and associated works.	Not exceeding \$25,000 per unit of accommodation. Deed of Indemnity for the loan amount.	—
b)	Building owners who carry out preventive slope maintenance works on voluntary basis.	Preventive or improvement works to prevent the slope/retaining wall from further deterioration and danger of collapse including :- (i) employment of Authorized Person and/or Qualified Geotechnical Engineer, (ii) geotechnical investigation; and (iii) employment of registered contractors to carry out the preventive maintenance works.	Not exceeding \$1M per unit of accommodation. Legal charge/ bank guarantee for loan exceeding \$100,000.	Appointment of AP/Qualified Geotechnical Engineer in charge of works recommended and registered contractors for the maintenance works.

c)	Building owners who carry out slope upgrading works under Dangerous Hillside Order (Buildings Orders 27A) or Buried Drains Affecting Slopes Orders (s27C) by the Building Authority	Investigation and slope upgrading works including :- (i) employment of Authorized Person and/or Qualified Geotechnical Engineer; (ii) geotechnical investigation; and (iii) employment of registered contractor to carry out the slope upgrading works.	-ditto-	As stipulated in the Order and required by the Building Authority.
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Category of Loan : IV) Repair and Replacement of Lifts, Communal Electrical Installation and Gas Risers

<i>Eligibility</i>		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
a)	Lift owner	(a) Repair and Replacement of Lifts covering (i) driving machine and controller; (ii) lift car and/or cage; (iii) landing doors and door interlocks; (iv) travelling cables and/or hoisting ropes; (v) guide rails; (vi) hall indicator and electric wiring; and (vii) counterweight, or the entire lift. (b) Incidental or consequential works thereto	\$1,000,000 per lift; or \$25,000 per unit of accommodation. Deed of Indemnity for the loan amount.	As required by EMSD

<i>Eligibility</i>		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
b)	Communal electrical installation owner	Repair or replacement of communal electrical installation including: (a) main electrical cables/wiring (b) meter boards (c) switchgear/switchboards (d) trunking/conduits (e) earthing system (f) other electrical equipment for enhancing electrical safety	\$500,000 for the whole installation; or \$15,000 per unit of accommodation. Deed of Indemnity for the Loan Amount.	<ul style="list-style-type: none"> - As recommended by EMSD. - Appointment of registered electrical contractor.
	Cubicle fixed electrical installation owner	Repair or replacement of electrical installation for cubicles including: (a) electrical cables/wiring (b) meter board (c) switchgear/switchboard (d) trunking/conduits (e) earthing system (f) other electrical works for enhancing electrical safety	\$15,000 per cubicle of accommodation. Form of Security to the satisfaction of DB.	

<i>Eligibility</i>		Scope of Works	Maximum Amount of Loan & Recommended Form of Security	Other Requirements
c)	Gas riser owner	Repair and replacement of Gas Riser	Repair :\$30,000 per riser Replacement : \$300,000 per riser. Deed of Indemnity for the Loan Amount.	Appointment of registered gas installer under the employment of a registered gas contractor in accordance with the Gas Safety Ordinance (Cap. 51).