

**For discussion
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LEGISLATIVE COUNCIL

PANEL ON HOME AFFAIRS

Support to Building Owners and Owners' Corporations to Facilitate Building Management and Maintenance

PURPOSE

This paper informs Members of the Administration's package of measures to facilitate building management and maintenance, and invites Members' views on the measures and suggestions on how the effort could be strengthened.

BACKGROUND

2. The Government conducted public consultation on building management and maintenance in 2005. Findings from the public consultation indicate that there is a general community consensus that owners have the responsibilities to properly manage and maintain their own properties. The Government will continue to provide advice and assistance to owners in building management and maintenance, and on the premises of public safety and environmental hygiene, provide suitable aid to owners who face genuine difficulty. This does not alter the Government's stance that the responsibility of building management and maintenance lies with owners.

BUILDING MANAGEMENT

3. Privately owned multi-storey buildings are where most people live in Hong Kong. Building management involves various stakeholders, such as owners, tenants, owners' corporations (OCs) or other forms of residents' associations, and property management companies. Lack of communication among stakeholders, inadequate professional knowledge, limited organising

skills, or lack of resources can easily lead to conflicts. Therefore, the policy of the Home Affairs Bureau (HAB) has always been giving impetus to owners and residents' associations so that they can promote and foster the spirit of neighbours helping out each other, which is conducive to better building management.

4. The Building Management Ordinance (BMO) provides a legal framework for owners to form OCs to jointly manage their buildings. At present, there are around 40 000 private buildings in Hong Kong. Of them, some 16 000 have formed OCs under the BMO. Apart from that, some owners have established other forms of residents' organisations such as owner's committees or mutual aid committees while others have employed property management companies to assist and coordinate the daily operation of building management and maintenance.

5. The Home Affairs Department (HAD) is the executive arm that assists the Secretary for Home Affairs in enforcing the BMO. District Offices (DOs) under the HAD assist owners to manage their buildings properly by providing them with advice and assistance on building management matters. DOs' work includes advising and assisting owners on the procedures of the formation of an OC, and, after its formation, attend OC meetings upon invitation to provide advice and support on the operation of an OC. Besides, DOs also handle enquiries and complaints relating to building management and act as mediator to help resolve disputes among owners, OCs and management companies.

6. The HAD conducts overall planning of education and publicity activities organised by all DOs, which includes training sessions, workshops and talks, inviting professionals from government departments and industries concerned such as housing managers, surveyors, accountants and insurance practitioners to share professional expertise on building management. The HAD has also produced a series of publications and CDs to highlight in a simple and easy to understand manner key messages of proper building management. DOs have been working closely with the ten Property Management Advisory Centres of the Hong Kong Housing Society (HKHS). They will refer owners to the Centres when necessary for free appointments to meet with professionals such as lawyers, surveyors and housing managers.

BUILDING MAINTENANCE

7. With regard to building safety, the Buildings Department (BD), other relevant government departments and supporting non-government organisations have all along been working closely to improve building safety in Hong Kong by adopting a multi-prong approach. To tackle the problem of building neglect in a sustainable manner, we have to optimise resources and work closely with the various stakeholders involved in building management and maintenance, including building owners, occupants, building professionals, the development industry and supporting organisations to maximise synergy. The measures adopted cover the following four major areas -

- (a) legislation;
- (b) enforcement;
- (c) support and assistance; and
- (d) publicity and public education.

8. On the proposed measures for enhancing building safety, the Development Bureau (DEVB) and the HAB reported at the Legislative Council (LegCo) motion debates on 3 February and 3 March 2010, and the DEVB reported at the meeting of the LegCo Development Panel on 23 February, the details of the Government's plans. In the coming months, the Government will, in the course of examining measures for enhancing building safety, seriously consider Members' views and the concerns raised by various parties. The relevant proposals are set out in Development Panel Paper CB(1) 1157/09-10(05). Members of the Home Affairs Panel and other LegCo Members were invited by the LegCo Secretariat to attend the meeting for the discussion of the agenda item.

SUPPORT AND ASSISTANCE

9. The Government is mindful that some owners may not possess adequate knowledge or financial capability to improve the management of their buildings, or to carry out the necessary maintenance and repair works for their properties. On this front, the Government and non-governmental organisations, such as the HKHS and Urban Renewal Authority (URA), have been working closely and equipped with a full range of technical and financial support measures to cater for the needs of different OCs and owners. During their visits to buildings in their districts, staff of DOs will proactively introduce

to OCs the various building maintenance loan and assistance schemes provided by the BD, HKHS and URA to encourage OCs in need to carry out repair works. The major loan and assistance schemes are set out below.

Operation Building Bright

10. As a specific measure for “Preserving Jobs” amidst the 2008 financial tsunami, the Government, in collaboration with the HKHS and URA, launched in May 2009 the \$2-billion "Operation Building Bright" (OBB) to provide subsidies and one-stop technical assistance to help owners of old and dilapidated buildings to carry out repair and maintenance works. To cater for the needs of buildings and owners under different situations, the OBB has been tailored to cover two categories of buildings -

- (a) Category 1 target buildings cover buildings with OCs. They may apply for joining the OBB to carry out repair works on a voluntary basis; and
- (b) Category 2 target buildings are buildings having difficulties in coordinating repair works, such as buildings without OCs. If the owners are unwilling or unable to launch repair works by themselves, the BD will carry out the repair works on behalf of the owners. After deducting the amount of subsidies available under the OBB, the BD will recover the remaining repair costs from the owners.

11. The OBB has been open for application since May 2009. As at 2 February 2010, 1 016 Category 1 and 615 Category 2 target buildings have been included in the OBB. To provide timely assistance to more owners of old buildings to carry out maintenance, the Financial Secretary proposed in this year’s Budget to allocate additional funding of \$500 million for the OBB to provide targeted assistance to those owners who cannot coordinate maintenance works on their own, including owners of dilapidated buildings without OCs. The DEVB plans to inform LegCo, in the middle of the year, of the arrangement and details of the next phase of the OBB.

Building Maintenance Grant Scheme for Elderly Owners

12. The Government was aware that, in the past, the lack of financial capability of elderly owners had hampered the repair and maintenance works of their self-occupied premises, rendering such premises dilapidated and unsafe for occupants and users. In line with its policy objective to care for the elderly, the Government has established the \$1-billion Building Maintenance Grant Scheme for Elderly Owners (BMGSEO) to enhance financial assistance to elderly owner-occupiers to repair and maintain their self-occupied properties. The Scheme targets at elderly owner-occupiers aged 60 or above who have a low income and modest assets. Each elderly owner-occupier will be eligible for a maximum grant of \$40,000 within a period of five years. Apart from general repair works for the common areas, the grant also covers works in individual premises, including repair of spalled concrete, fixing of water pipes, and repair and replacement of windows, etc. The BMGSEO also allows eligible elderly owner-occupiers who have default repayments, or who are still making regular repayments, to repay their outstanding or default loans administered by the BD, HKHS or URA with the grant.

Other Financial Assistance and Loan Schemes

13. Apart from the above schemes, other financial assistance and loan schemes administered by the Government, HKHS and URA are also available to help owners in need. They include the BD's Comprehensive Building Safety Improvement Loan Scheme (which may provide interest-free loans to eligible owners), HKHS' Building Management and Maintenance Scheme as well as URA's Building Rehabilitation Materials Incentive Scheme and Building Rehabilitation Loan Scheme. They are tailor made to cover the different needs of owners and buildings for various types of maintenance and repair works. The Government will continue to work in close partnership with the HKHS and URA and to discuss with them the ways to better coordinate the interface among these schemes and consolidate them to make them more user-friendly.

Building Management Professional Service Scheme

14. The HAB will, in collaboration with the HKHS and professional associations of the property management industry, launch the Building Management Professional Service Scheme in April 2010. The Scheme will provide owners with free professional advice on property management and

follow up services to improve the management of about 1 000 units in old buildings. This Scheme pools professionals in property management to join forces in enhancing building management and maintenance. In particular, it will offer tailored support and services to owners who cannot organise themselves for action or lack the necessary professional knowledge. We hope that the Scheme will set a good example, and through this Scheme owners will understand the positive effects of continuous management and regular maintenance of their buildings, which will improve the living conditions of private buildings.

15. The HKHS and the property management professionals will form expert teams. In the next twelve months, they will pay visits to households in the target building clusters, contact owners directly to give them professional advice and answer their enquiries, and produce building management audit reports with suggestions to enhance management and conditions of buildings. Along with these visits and professional advice of the expert teams, the HKHS and relevant DOs will provide buildings in the clusters with strong support to form OCs, or give assistance to the owners to organise themselves to consider or approve the necessary improvement plans for their buildings. Furthermore, the expert teams will assist owners and OCs in applying for various loan and assistance schemes, give OCs assistance in preparing tender documents for improvement or maintenance works and following up on tender evaluation and works implementation. The expert teams will also provide office-bearers of OCs and owners with training on building management.

ADVICE SOUGHT

16. Members are invited to note and comment on the package of measures to enhance building management and maintenance.

Home Affairs Department

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