

**LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT**

Operation Building Bright 2.0

PURPOSE

This paper seeks Members' views on the proposed Operation Building Bright 2.0 (OBB 2.0). Opportunity is taken to update Members on the implementation of the Mandatory Building Inspection Scheme (MBIS) and the Mandatory Window Inspection Scheme (MWIS).

JUSTIFICATIONS

2. At present, there are some 5 300 private residential or composite buildings aged 50 years or more. According to a building condition survey conducted by the Urban Renewal Authority (URA) in 2013 to 2015, around one-third of these buildings are in need of repair. Recent incidents associated with dilapidated buildings, notably the collapse of a balcony structure at 50 Gillies Avenue South in Hung Hom in June 2017, highlighted that lack of timely maintenance of old buildings will pose danger not only to occupants therein but also to the general public.

3. It has all along been Government's position that owners should take primary responsibility for the proper maintenance of their properties. It is against this backdrop that the Government rolled out MBIS and MWIS on 30 June 2012 with a view to arresting the deterioration of the safety condition of our ageing building stock. Under the two schemes, owners of target buildings¹ are served with statutory notices requiring them to conduct prescribed inspection and, if needed, repair works to ensure building safety. Building owners have generally experienced no serious difficulties in complying with MWIS notices, with the overall

¹ Except for residential or composite buildings of three storeys or less, all buildings aged 30 years or above are subject to MBIS and all buildings aged 10 years or above are subject to MWIS.

non-compliance rate being around 14%. The non-compliance rate of MBIS is, however, high. As of 31 October 2017, some 30 200 of the 51 700 MBIS notices issued and expired were not complied with, i.e. non-compliance rate of 58%. The non-compliance rate of MBIS notices concerning common parts of a building was as high as 88%. A note providing an update of the two schemes is at **Annex A**.

Annex A

4. While the Buildings Department (BD) has been taking enforcement action against non-compliance of long-outstanding MBIS notices, the Government recognises that some owners, though willing, may have genuine difficulties in carrying out the prescribed inspection and repair works due to their lack of financial means, technical knowledge and/or organisation ability, especially those of aged “three-nil” buildings². Enforcement action against such building owners is, in itself, unlikely to be effective in compelling the owners to discharge their statutory responsibilities in inspecting and repairing their buildings. At the same time, their inaction will result in the continued deterioration of their buildings, thereby posing safety hazards to the general public.

5. To protect public safety, we see grounds for the Government to enhance the provision of direct technical and financial assistance to needy owners in helping them comply with MBIS requirements. To this end, the Chief Executive announced in her Policy Address on 11 October 2017 the Government’s plan to launch OBB 2.0 at a cost of \$3 billion.

6. The launching of OBB 2.0 should not change the principle that building maintenance is primarily the responsibility of building owners. OBB 2.0 will be a one-off subsidy scheme. With the instillation of a building safety culture in society through the government’s publicity efforts in recent years, younger buildings are generally better managed and maintained. The Government will continue to focus on providing appropriate technical support to owners with a view to assisting them to discharge their responsibility to properly maintain their buildings. A summary of the prevailing building repair assistance schemes is enclosed at **Annex B** for reference.

Annex B

² Viz., buildings which do not have an owners’ corporation or owners’ committee, or having engaged any property management company.

FEATURES

7. The proposed OBB 2.0 has the following key features –
- (a) a risk-based approach will be adopted such that the operation would focus on residential and composite buildings aged 50 years or above with relatively low average rateable values (RV), having regard to the fact that these buildings pose relatively higher building safety risks;
 - (b) to focus on raising the safety standards of participating buildings, subsidies to be provided to owners under the operation should primarily be used for undertaking inspection and repair works required under MBIS in both the common parts and privately-owned areas of the buildings;
 - (c) for cases where the owners fail to comply with MBIS notices, BD would exercise its power under statute to carry out the relevant inspections and repair works in default, and the subsidies could be used by eligible owners to offset the amount which BD would charge for those works; and
 - (d) to ensure that public resources will be allocated to those who are most in need, subsidies will primarily be granted only to owner-occupiers in eligible buildings. Owners-occupiers shall be defined to include occupiers who are themselves owners of the residential units, as well as owners of properties which are the primary residences of the owners' immediate family members³. Elderly owner-occupiers of eligible buildings will enjoy a higher level of subsidy.

Details are elaborated in the ensuing paragraphs.

³ Immediate family members means parents, children, dependent brothers and sisters, grandparents, grandchildren, stepparents, spouse's parents and spouse's stepparents.

Eligible Buildings

8. Generally speaking, older buildings, especially those providing homes to the less well-off, are more prone to building neglect. We therefore **propose** accepting only applications by private residential or composite buildings aged 50 years or above to join OBB 2.0. Apart from building age, we **propose** that the average RV of domestic units in a participating building should not exceed \$162,000 in urban areas (including Sha Tin, Kwai Tsing and Tsuen Wan districts) and \$124,000 in the New Territories (all New Territories districts excluding Sha Tin, Kwai Tsing and Tsuen Wan districts). Similar requirements on the average RVs of participating buildings also apply to other building repair assistance schemes⁴. We will review the average RV ceilings from time to time in conjunction with URA with a view to maintaining its real value. The proposed average RV ceilings, which should cover around 80% of buildings aged 50 years or above, have just been updated in June this year.

9. We **propose** that buildings participating in OBB 2.0 be divided into two categories, as follows –

- (a) Category 1 buildings cover those whose owners are prepared to take up the organisation of the prescribed inspection and repair works for at least the common parts of their buildings with a view to discharging outstanding MBIS notices or to comply with MBIS requirements voluntarily in the absence of any MBIS notices. Eligible owners of participating buildings will be provided with subsidies for works falling within the prescribed scope as set out in paragraphs 14 and 15 below while URA will provide technical advice and assistance to the owners for organising the required inspection and repair works; and
- (b) Category 2 buildings cover those which have outstanding MBIS notices but the owners concerned have difficulties in coordinating the prescribed inspection and repair works in the

⁴ For example, Common Area Subsidy Scheme and Mandatory Building Inspection Subsidy Scheme. The first OBB rolled out in 2009 also imposed RV caps on participating buildings.

commons parts of the buildings (e.g., “three-nil” buildings). BD will proactively select buildings out of this group and exercise its statutory power to hire consultants and contractors to carry out the requisite works in default of owners and seek to recover the cost from them afterwards. Eligible owners may seek to cover all or part of the cost incurred by BD by claiming subsidies available to them under OBB 2.0. It is expected that BD would mainly carry out default works concerning common parts of the building and would resort to prosecution to prompt the owners concerned to carry out works in respect of the private projecting structures attached to their units (unless those private structures warrant urgent works).

10. If owners of a participating Category 1 building could not eventually organise the inspection and repair works for the common parts of their buildings upon receipt of the in-principle approval of joining OBB 2.0, BD would consider the need to conduct the works in default of the owners (therefore reclassifying the building as one falling under Category 2) based on risk assessment. Alternatively, if owners of a selected Category 2 building could eventually organise the inspection and repair works for the common parts of the buildings upon being selected as a Category 2 building, the case would be reclassified as one falling under Category 1.

Target beneficiaries

11. To ensure that public resources would be allocated to those in greater need for assistance, we **propose** that subsidies be primarily granted only to owner-occupiers of domestic units⁵. In other words, investors who derive rental income from such units and developers who acquire the units for redevelopment, will not be subsidised under OBB 2.0. Those who are not eligible for subsidies under OBB 2.0 may, where appropriate, seek financial assistance through the prevailing building repair assistance schemes detailed in **Annex B**.

⁵ Including owner-occupiers residing in a unit converted from non-domestic use to domestic use in a composite building.

12. For ease of administration, we **do not propose** requiring owner-occupiers to undergo any means test in order to receive the subsidies. The status of the applicants being owner-occupiers would be verified through self-declaration, production of proof (e.g. utility company bills) and checking of ownership status with the Land Registry. Each applicant and each unit is eligible for receiving subsidy under OBB 2.0 once only⁶. For a case involving multiple owners, if not all owners are living in the same unit in an OBB 2.0 participating building, we **propose** that full subsidy be granted so long as any one or more of the owners are living in the unit.

13. There may be cases whereby the applicants are not owner-occupiers but exceptional circumstances may warrant the granting of subsidies to them⁷. There may also be cases where the occupier is in fact the beneficial owner of the unit but the ownership is registered in the name of a company formed solely for the purpose of holding the property. Since it is not possible to exhaust all scenarios which may warrant exceptional considerations, we **propose** setting up a committee comprising representatives from URA (who is the partner of Government in implementing OBB 2.0), BD and this bureau to consider the eligibility and level of subsidy of each special case having regard to its individual merits.

Inspection and repair works to be covered

14. Given that the objective of OBB 2.0 is to protect public safety, we **propose** that the subsidy should be used on inspection and repair works prescribed under MBIS. MBIS covers inspection and repair works that are essential and adequate to render a building safe, and can be broadly categorised as follows –

- (a) the following works at the common parts of a building –

⁶ Viz. if an applicant occupies more than one unit whose building(s) are participating in OBB 2.0, he may only obtain the subsidy for one unit. If an applicant, having obtained the subsidy under OBB 2.0 for a unit and moves out to another OBB 2.0 participating building, he may not benefit from OBB 2.0 for the unit he subsequently resides in.

⁷ For example, an elderly living in a residential care home but owns a vacant unit that benefits from OBB 2.0.

- (i) external elements including external walls and fences, etc.;
 - (ii) structural elements including columns, floor slabs and beams, etc.;
 - (iii) drainage system;
 - (iv) fire safety elements including means of escape, means of access for fire-fighting and rescue and fire resisting construction, etc.; and
- (b) private projecting structures including balconies and verandahs, etc.

15. These prescribed inspection and repair works under MBIS would be “priority works” under OBB 2.0⁸. As an incentive to building owners who choose to organise the prescribed inspection and repair works by themselves (viz. Category 1 buildings under paragraph 9 above), we **propose** allowing eligible owners of Category 1 buildings to make use of any remaining subsidies (subsidy amount left after catering for the “priority works”) for other building repair and improvement works that is within the scope of URA’s Common Area Subsidy Scheme as “MBIS-Plus” works. A list of works to be covered as “priority works” and “MBIS-Plus” works is at **Annex C**.

Annex C

Subsidy Level

16. Making reference to the average cost for undertaking inspection and repair works required under MBIS, we **propose** that assistance be provided to eligible applicants for undertaking the prescribed inspection and repair works in the common parts of a building, as follows –

- (a) all eligible applicants (except elderly applicants) will be subsidised 80% of the cost subject to a cap of \$40,000 per unit; and
- (b) elderly eligible applicants aged 60 or above will be subsidised

⁸ As building owners would usually seek to comply with MBIS and MWIS notices served in respect of the common parts of the building at the same time, “priority works” would also cover the prescribed inspection and repair works arising from the MWIS notice in respect of the common parts of the building. This is also justified by the relatively high non-compliance rate of MWIS notice in respect of common parts of a building which is at 47%.

100% of the cost subject to a cap of \$50,000 per unit⁹.

17. In the first OBB in 2009, subsidies to building owners only covered the cost of undertaking repair works in the common parts of participating buildings. Since MBIS notices for prescribed inspection and repair works are issued not only in respect of the common parts of buildings but also projecting structures within the privately-owned areas, we **propose** that subsidies be also provided to eligible applicants of participating buildings for undertaking inspection and repair works in respect of such private projecting structures, albeit at a lower level than that for common parts¹⁰. Specifically, we **propose** subsidising all eligible owners 50% of the cost for undertaking the prescribed inspection and repair works for these private projecting structures under MBIS, subject to a cap of \$6,000 per unit.

Implementation Plan

Timetable

18. Based on our crude estimate, the funding under OBB 2.0 should be able to support the commissioning of the inspection and repair works of 2 500 buildings. Having regard to our experience in the implementation of the first OBB in 2009 and to avoid causing undue pressure on the building repair and maintenance market by a huge upsurge in new projects at the same time, we **propose** that commencement of inspection and repair works for around 2 500 buildings funded under OBB 2.0 be appropriately spaced out over the five-year period.

19. We intend to invite the first round of applications in mid-2018. The target for the first round of applications will be eligible buildings with outstanding MBIS notices or pre-notification letters at that material

⁹ In case where there is a mix of elderly and non-elderly co-owning a unit of a participating building, we propose that the level of subsidy for elderly eligible applicants be granted so long as the elderly resides in the unit concerned.

¹⁰ For the avoidance of doubt, an individual eligible owner can only apply for subsidies for inspection and repair works in respect of their private projecting structures if his building is approved for participation in OBB 2.0.

time. It is estimated that there are around 1 500 such buildings. In view of the lead time required for owners to reach a consensus, we intend to send publicity materials to these buildings in early 2018, informing them of the proposed OBB 2.0 and its tentative implementation schedule (which will be subject to funding availability), and appealing to them to start planning for the prescribed inspection and repair works with a view to making an application for participation in OBB 2.0 under Category 1. We intend to close the application period for the first round in late 2018 with a view to announcing the list and priority (based on risk assessment) of participating buildings by end 2018.

20. Noting that it would take about three years to commission the works in respect of the first 1 500 target buildings covered in the first round of applications, we intend to invite subsequent round(s) of applications for participation in OBB 2.0 under Category 1 starting from around 2020. Subsequent round(s) of applications will be open to both eligible buildings which have been served with MBIS notices and those who wish to carry out prescribed inspection and repair works under MBIS in a voluntary manner. Buildings will be accepted and prioritised as with the first round application. The exact timing and detailed arrangements for the second round application would be reviewed along the way. For buildings which have not yet been served with MBIS notices or pre-notification letters but wish to participate in OBB 2.0 as Category 1 buildings, we would encourage the relevant building owners to proceed with the necessary planning and organisation (e.g. forming owners' organisations (OC), organising owners' meetings) with a view to submitting their applications when the second round application opens.

21. Regarding Category 2 buildings, BD will select buildings having difficulties in coordinating inspection and repair works for complying with MBIS notices, such as "three-nil" buildings, and determine their priorities based on risk assessment. We estimate that inspection and repair works on these buildings will commence from mid-2018 at the earliest.

Transitional Arrangements for Relevant Works Commencing before the Invitation of Applications

22. As pointed out in paragraph 19 above, the first round of applications will commence in mid-2018, targeting buildings with outstanding MBIS notices or pre-notification letters at that material time. We recognise, however, that there are buildings where the owners concerned have already, or would have already, engaged an inspector or a contractor before mid-2018 with a view to complying with the MBIS requirements. As an exceptional transitional arrangement, we **propose** allowing these buildings to apply for OBB 2.0 in the first round of applications on the following conditions¹¹ –

- (a) the MBIS-related works were regarded as ongoing at the time when OBB 2.0 was announced in the Policy Address on 11 October 2017. In this connection, the works would be regarded as “ongoing” if BD, as of 11 October 2017, had not yet issued compliance letters confirming that the works carried out met the MBIS requirements;
- (b) for those ongoing works where repair contracts have been invited as of 20 December 2017, URA will scrutinise the tendering processes for procuring the contracts to ensure that they are in compliance with the requirements of the Buildings Management Ordinance (Cap 344); and
- (c) where preparatory work has started but the owners have not yet invited tenders for repair contracts as of 20 December 2017, the contracts must be procured through the “Smart Tender” scheme (please refer to paragraph 27(a) below), and should be issued with an MBIS notices or pre-notification letters at present (please refer to paragraph 19 above).

23. Except specified otherwise, all applications referred to in paragraph 22 will be subject to the same criteria as with other

¹¹ For the avoidance of doubt, such buildings should have complied with all statutory requirements relating to MBIS, most notably Building (Inspection and Repair) Regulation (Cap 123P) as a proof that the inspection conducted, works undertaken, or works to be undertaken, are for complying with MBIS requirements.

applications in the first round.

Administration of OBB 2.0

24. We will partner with URA in the implementation of OBB 2.0. Funding will be disbursed by installments to URA, which will open a separate bank account for keeping the funds and allocating subsidies to eligible applicants. Any interests generated will be ploughed back to OBB 2.0.

25. As the Government's partner in implementing OBB 2.0, URA will bear the associated costs of staffing, office accommodation and outsourced independent consultancy service fees from its own resources. In other words, the entire \$3 billion proposed for OBB 2.0 together with interests would be spent to assist owners in need. The URA will submit regular progress reports on, inter alia, the financial position of OBB 2.0, the amount of subsidies granted, the number of buildings and owners benefited under OBB 2.0, interest income and such other information as required by the Government. The URA will arrange an independent auditor to conduct annual audit on the accounts. The detailed terms of partnership between the Government and the URA will be stipulated by way of memorandum of understanding (MoU) to be entered into by the two parties. A mechanism will be provided under the MoU to resolve difficulties from implementation of OBB 2.0.

Monitoring of Quality of Works

26. Generally speaking, owners should engage a consultant to monitor the progress and quality of the contractors undertaking repair works for their buildings. Further, specifically under MBIS, it is a statutory requirement to engage a registered contractor (RC) to carry out the repair works under the supervision of a registered inspector (RI). If there are any irregularities which result in contravention of the Buildings Ordinance (BO) or which are due to professional misconduct or negligence on the part of the RC or RI, BD may instigate prosecution and/or disciplinary actions under the BO against the RC or RI. BD may also direct any reports on professional misconduct to the professional institutes and professional registration boards to which the professionals

belong to for considering taking disciplinary actions. Further, as part of the MBIS monitoring mechanism, BD will conduct audit checks on completed cases. To ensure proper use of public funds, URA will arrange an independent consultant to pay site visit to ensure that the claimed repair works have taken place. Further, in deciding the amount of subsidy to be disbursed, URA will make reference to the cost estimations by its independent consultant.

Measures to Prevent Bid-rigging

27. Apart from the regular efforts against bid-rigging in building repair contracts, the following measures will be put in place for OBB 2.0

—

- (a) owners of participating Category 1 buildings must participate in URA's "Smart Tender" Building Rehabilitation Facilitation Services scheme (save for those mentioned in paragraph 22 (b) as an exceptional transitional arrangement). Under "Smart Tender", URA will line up an independent consultant to offer advice to owners covering the general scope of works needed and a relevant cost estimate. Owners can use the electronic tendering (e-tendering) platform for engaging contractors where the identity of tenderers would remain anonymous until tender opening. A "DIY tool-kit" will also be provided to owners to guide them in organising the works. "Smart Tender" will provide pertinent information to owners to make an informed decision in the repair works required for their buildings and the value-for-money of the returned tenders;
- (b) the current "Smart Tender" is applicable to procurement of works contracts only. URA is considering how best to provide additional information for owners to consider the reasonableness of prices for consultancy tenders. URA is also exploring in conjunction with stakeholders the feasibility of extending the e-tendering platform for procurement of consultancy. If it is found feasible, the extended service may be available from the second half of 2018 onwards;

- (c) all buildings joining the OBB 2.0 will be automatically registered for the RenoSafe Scheme operated by the Police. Under the Scheme, officers of the Anti-Triad Squads would pay visits to participating buildings, offering them services including a hotline for enquiry and crime reporting as well as public education materials relating to building repair works, etc. Moreover, Police officers will be present at the meetings of OCs or owners' committees on a need-basis during the works tendering process to give advice on bid-rigging; and
- (d) awareness of owners is of essence in detecting and reporting susceptible bid-rigging cases. URA will organise briefings for all buildings joining OBB 2.0 in which education on bid-rigging would be highlighted.

28. Separately, URA targets to launch a Building Rehabilitation Platform in the second half of 2018. The initiative aims to provide a one-stop platform to owners and practitioners with the participation of relevant professional bodies, societies, government departments and enforcement agencies. Practical guidelines and standard tender and contract documents on procurement of consultancy and works contract, reference cost on typical building repair works, as well as a list of service providers are under development and would be provided on the platform in stages. As with "Smart Tender", the platform aims to provide the pertinent information to owners, assisting them to make an informed decision on procurement of building repair works.

Financial Implications

29. We estimate that a non-recurrent funding of \$3 billion will be required for launching OBB 2.0. It is our intention to expend the \$3 billion commitment in full, viz. if there are remaining funds available upon the completion of the works in relation to the first 2 500 buildings under OBB 2.0, we may select more buildings for participation in the scheme until the \$3 billion is fully committed.

30. As pointed out above, we will disburse the funding by installments to URA. The estimated expenditure for 2018-19 is some

\$290 million. The estimated cost for the proposal will be included and reflected in the draft Estimates of the relevant financial years. The estimated cash flow requirement is at **Annex D**.

BACKGROUND

31. In 2009, amid the financial tsunami, the Government launched OBB as a one-off specific measure for “Preserving Jobs” and to achieve the dual objective of creating more job opportunities in the building repair and maintenance sector as well as promoting building safety and improving the cityscape and living environment during the economic downturn. The OBB introduced in 2009 was a building-based scheme. Once a building is selected as a target building in accordance with the preset objective criteria, all owners of the building will be subsidised without the need for individual owners to undergo asset or income means test. The subsidy cap imposed for each participating application was \$16,000 per unit except for elderly owner-occupier which was \$40,000 per unit. Only works in the common parts of a building would be covered by that operation. The application period for the operation was closed in December 2010. A total of 3 030 buildings were covered, involving subsidies at a total amount of around \$2.9 billion.

Development Bureau
December 2017

**Update of
Mandatory Building Inspection Scheme and
Mandatory Window Inspection Scheme**

This note provides an update on the implementation of the Mandatory Building Inspection Scheme (MBIS) and the Mandatory Window Inspection Scheme (MWIS).

BACKGROUND

2. Regular inspections and timely repairs are crucial. Owners should not wait until the buildings have become defective or dangerous for taking remedial actions. To strengthen its efforts in dealing with aged buildings and promoting building safety, the Buildings Department (BD) has fully implemented the MBIS and MWIS since 30 June 2012, which tackles building dilapidation at its root through upholding the concept of “prevention is better than cure”. Except for domestic buildings not exceeding three storeys, the relevant legislation empowers BD to issue statutory notices to owners of private buildings aged 30 years or above for MBIS, and 10 years or above for MWIS, requiring them to carry out prescribed inspections and, if necessary, prescribed repairs of their buildings every 10 years for MBIS and five years for MWIS respectively.

3. Under the MBIS, building owners are required, within a specified timeframe, to appoint a registered inspector (RI) to carry out prescribed inspection and to appoint a registered contractor to carry out prescribed repairs found necessary of the common parts, external walls, projections and signboards of the building under the supervision of an RI. Under the MWIS, building owners are required to appoint a qualified person (QP) within a specified timeframe to carry out a prescribed inspection and to appoint a registered contractor to carry out a prescribed repair found necessary of the windows in the building under the supervision of a QP. Before serving statutory notices, BD will issue pre-notification letters to building owners/owners’ corporations (OCs) advising them of the selection of their buildings as target buildings to allow them ample time to get prepared and plan ahead.

4. Under the MBIS, upon receipt of a statutory notice, the owners/OC should appoint an RI within three months, and complete the prescribed inspection within six months from the date of the statutory notice. Any prescribed repair found necessary should be completed within 12 months from the date of the statutory notice. An extra three months will be allowed for owners of buildings without an OC to organise and arrange the required inspection and repair works. As for the MWIS, upon receipt of a statutory notice, the owners/OC should appoint a QP, and complete the prescribed inspection and repair (if necessary) within six months from the date of the statutory notice for windows in individual premises and nine months for windows in common parts of the building respectively. After the issue of statutory notices, the list of target buildings will be uploaded onto the BD's website.

5. Building owners may initiate the prescribed inspections and prescribed repairs to their buildings voluntarily, i.e. not pursuant to a notice served by the BA. Buildings or the relevant parts thereof will be deemed to have fulfilled the requirements under the MBIS and MWIS within the respective inspection cycles.

6. BD has established a selection panel, which comprises representatives from professional institutions (e.g. Hong Kong Institute of Architects, Hong Kong Institute of Surveyors and Hong Kong Institution of Engineers), relevant non-governmental organisations, property management professionals, District Councils and relevant Government departments, to tender advice on the selection of target buildings (TBs) for the two inspection schemes. Moreover, to minimise disturbance to building owners, BD synchronises the implementation of the MBIS and the MWIS, whereby buildings selected for the MBIS will also be selected for the MWIS under the same cycle so that owners can carry out inspection and repair works under the two schemes concurrently.

PROGRESS OF IMPLEMENTATION

7. As at 31 October 2017, the progress of the implementation of the two schemes is as follows –

	MBIS	MWIS
No. of (TBs) with notices issued	4 449	8 963
(a) Total no. of notices issued	57 330	465 242
<i>-for elements at common parts</i>	4 748	7 991
<i>-for elements owned by individual owners¹</i>	52 582	457 251
(b) No. of notices discharged	21 595	387 529
<i>-for elements at common parts</i>	557	4 100
<i>-for elements owned/used by individual owners</i>	21 038	383 429
(c) No. of notices not yet expired	5 581	13 980
<i>-for elements at common parts</i>	287	246
<i>-for elements owned/used by individual owners</i>	5 294	13 734
(d) No. of notices expired	30 154	63 733
<i>-for elements at common parts</i>	3 904	3 645
<i>-for elements owned/used by individual owners</i>	26 250	60 088
(e) Overall Non-compliance Rate (%) (viz. (d)/((a) - (c)))	58.3%	14.1%
<i>-for elements at common parts</i>	87.5%	47.1%
<i>-for elements owned/used by individual owners</i>	55.5%	13.5%

¹ Including the privately-owned external walls and projecting structures (e.g. balconies, verandahs, and signboards) occupied or used by individual owners under MBIS, and the windows exclusively used by individual owners under MWIS.

8. Having regard to the compliance rate of the schemes, BD has since 2015 reprioritised its enforcement policy. Instead of focusing on issuing new MBIS and MWIS notices, priority was shifted to take enforcement action against non-compliance. Besides, BD has also enhanced the technical and financial support to owners in need – including issuing guidelines to enable owners have a better understanding of the requirements of the two schemes, and engaging in-house social service team to help owners coordinate in meeting the two schemes and applying for financial assistance. Since the introduction of the aforesaid measures and the step-up actions against non-compliance, the number of discharged MBIS and MWIS notices have respectively increased from 984 in 2014 to 8 281 in 2016 and from 57 964 in 2014 to 151 772 in 2016.

9. With more experience gained since 2012 and to cater for the implementation of OBB 2.0, the selection panel has adjusted the selection criteria, placing more emphasis on old-aged buildings and risk consideration. Under the new selection criteria which has taken effect from October 2017, only buildings at or above the age of 50 years would be selected, with older buildings getting a higher chance of being selected. Other relevant criteria would be building conditions, building management and presence of building elements posing higher potential risk to public safety (viz. cantilevered slab canopy and cantilevered slab balcony). BD will issue to the building owners the pre-notification letters of 2017 target buildings by December 2017, and the statutory notices in mid-2018. After serving of the statutory notices, the list of buildings concerned will be uploaded to BD's website per the established practice.

10. From mid-2012 to October 2017, 16 544 warning letters were issued to and 40 prosecutions were instigated against the owners who failed to comply with MBIS notices, while 52 190 warning letters and 2 394 Fixed Penalty Notices (FPNs) were issued to the owners who failed to comply with MWIS notices. Prosecutions have also been instigated against nine dispute cases arising from FPN issued, of which two cases have already been convicted.

Supply of Service Providers for MBIS and MWIS

11. At present, there are 517 RIs for the MBIS and about 18 800 QPs under the MWIS², representing an increase of 35% and 15% respectively as compared to that in December 2013.

12. For the MWIS, to facilitate owners in selection of QP, BD wrote to all QPs inviting them to indicate interest in providing services under the MWIS. There are currently about 7 300 QPs who have expressed interest and a remark has been added to the names of these QPs on the list of QPs on BD's website. BD will continue to invite relevant professional institutes, contractor associations and trade organisations to encourage their members to provide services under the MWIS. BD will also continue to promote the MBIS and the MWIS in the industry by arranging briefing sessions for qualified practitioners.

Regulation of Service Providers

13. If there are any irregularities which result in contravention of the Buildings Ordinance (BO) or which are due to professional misconduct or negligence on the part of the service providers, the service providers may be subject to disciplinary and/or prosecution actions. BD will handle all reports on breach of statutory requirements under the BO. BD may also direct reports on professional misconduct to the professional institutes and/or professional registration boards to which the professionals belong to for considering taking disciplinary actions.

14. Prosecutions have also been instigated against the qualified personnel for 30 suspected non-compliance cases, of which 11 cases have already been convicted.

² The RIs include authorized persons (APs), registered structural engineers (RSEs) or registered building professionals possessing relevant work experience in the field of building construction, repair and maintenance. The QPs include APs, RSEs, RIs, registered general building contractors and registered minor works contractors registered for the class, type and item of minor works in respect of windows.

Summary for Building Repair Assistance Schemes

	Owners' Corporation Formation Subsidy	Common Area Repair Works Subsidy	Home Renovation Interest-free Loan	Building Safety Loan Scheme	Building Maintenance Grant Scheme for Elderly Owners	Mandatory Building Inspection Subsidy Scheme	'Smart Tender' building rehabilitation facilitating services										
Administrative Organisations	URA			BD	HKHS	HKHS and URA	URA										
Beneficiaries	Owners' Corporations (OC)		Individual Owners			OC	Owners' Organisations (OO) (viz. Owner's Committee or OC)										
Building Eligibility	Private residential / composite buildings	<ul style="list-style-type: none"> Private residential / composite buildings aged 30 years or above (excluding buildings of 3 storeys or below) With OC (building without OC will be considered on case-by-case basis) Fulfill the requirement of Rateable Value (RV) Limit 	<ul style="list-style-type: none"> Private residential buildings aged 30 years or above Fulfill the requirement of RV Limit 	Private residential / commercial / composite / industrial buildings	Domestic unit in private residential / composite buildings	<ul style="list-style-type: none"> Private residential / composite buildings which have received pre-notification letters or statutory notices on the MBIS Fulfill the requirement of RV Limit 	<ul style="list-style-type: none"> All multi-owned private residential / composite buildings (excluding buildings of 3 storeys or below) With OO 										
Application Requirement	–	<ul style="list-style-type: none"> Resolutions obtained in an OC general meeting or, if OC does not exist, a consensus obtained from 100% owners or follow the requirements of DMC for carrying out repairs to common areas by joining the scheme Application should be submitted before the appointment of consultant 	<ul style="list-style-type: none"> Owner has no other property in Hong Kong Domestic unit solely or jointly owned by individual (not owned by companies) Application form should be submitted prior to the commencement of the works 	<ul style="list-style-type: none"> Owner For works in privately-owned areas, the application should be submitted prior to commencement of the works For repair works in common areas, the application should be submitted prior to completion of the works 	<ul style="list-style-type: none"> Owner-occupiers at age 60 or above Fulfill the income and asset criteria For works in privately-owned areas, the application should be submitted prior to commencement of the works For repair works in common areas, the application should be submitted prior to completion of the works certified by consultant 	<ul style="list-style-type: none"> Resolutions obtained in an OC general meeting or, if OC does not exist, a consensus obtained from 100% owners or follow the requirements of DMC for joining the scheme Application should be submitted before the appointment of Registered Inspector 	<ul style="list-style-type: none"> Resolutions obtained in an OC general meeting, or a consensus obtained from 100% owners or follow the requirements of DMC for carrying out repairs to common areas by joining the scheme Application should be submitted before the appointment of consultant 										
Offers	Maximum subsidy at \$3,000	<ul style="list-style-type: none"> General repair works subsidy[^] Maximum subsidy at 20% of approved works cost or \$3,000/unit, whichever is the lower, capped at \$1.2M/OC Green Item subsidy Maximum subsidy at 20% of approved works cost or \$1,500/unit, whichever is the lower, capped at \$0.6M/OC [^] note: -Smaller buildings with less than 50 units will enjoy higher subsidy. -Subsidy applicable to consultancy fee	<ul style="list-style-type: none"> Interest-free loan up to \$50,000/domestic unit Repayment up to 36 months 	<ul style="list-style-type: none"> Low interest loan up to \$1,000,000/unit Repayment up to 36 months 	<ul style="list-style-type: none"> Maximum \$40,000 per owner per unit 	<ul style="list-style-type: none"> Subsidy for conducting first prescribed inspection for common parts under MBIS and MWIS Subsidy cap based on the number of units of building(s), as follows <table border="1"> <thead> <tr> <th>Number of units</th> <th>Subsidy amount</th> </tr> </thead> <tbody> <tr> <td>20 units or below</td> <td>up to \$25,000</td> </tr> <tr> <td>21 to 49 units</td> <td>up to \$35,000</td> </tr> <tr> <td>50 to 200 units</td> <td>up to \$60,000</td> </tr> <tr> <td>201 units or above</td> <td>up to \$100,000</td> </tr> </tbody> </table>	Number of units	Subsidy amount	20 units or below	up to \$25,000	21 to 49 units	up to \$35,000	50 to 200 units	up to \$60,000	201 units or above	up to \$100,000	<ul style="list-style-type: none"> Services to be provided – <ul style="list-style-type: none"> provides “DIY tool-kits” to guide participating OOs in organising building rehabilitation works lines up an independent professional to provide advice on scope of the building rehabilitation works and an estimate on the cost of such works makes available an electronic tendering platform to conduct the tendering exercise for engaging contractors OO meeting eligibility criteria can enjoy a concessionary rate.
Number of units	Subsidy amount																
20 units or below	up to \$25,000																
21 to 49 units	up to \$35,000																
50 to 200 units	up to \$60,000																
201 units or above	up to \$100,000																
Scope of coverage	–	Inspection and repair works at common areas	Internal repairs and maintenance works for privately-owned areas	Common and privately-owned areas	Common and privately-owned areas	Inspection for common areas under MBIS and MWIS	–										
Special Grant & Relief	–	Owner with financial difficulty meeting eligibility criteria may apply for maximum \$10,000 hardship grant	Owner with financial difficulty meeting eligibility criteria may apply for maximum \$10,000 hardship grant	Owner meeting eligibility criteria may apply for interest-free loan and extend the repayment period up to 72 months	–	–	–										

Operation Building Bright 2.0

Scope of Works

Priority works

The subsidy must first be used for prescribed inspection and repair works found necessary under MBIS given in the table below.

Elements	Items to be covered but not limited to
<p>External Elements and Other Physical Elements</p>	<p>External Elements:</p> <ul style="list-style-type: none"> (a) External finishes such as tiling, rendering and cladding (b) Fins, grilles and metal louvers (c) Protective barriers, railings, parapets and balustrades at external walls or at the edges of roofs (d) Fencings and associated fixings (e) Curtain wall and associated openable windows (f) Appendages, including metal supporting frames, awnings, planters, supporting structures for building services installations (such as air-conditioning units, cooling towers and chimneys) and the associated pipes and ducts, eaves, mouldings, projections, architectural features, drying racks, signboards and television-screen type signboards, window canopies and similar features fixed or attached to and projected from the external façade of the building (g) Any other similar external structures which are building or building works other than slope, earth-retaining structure or Unauthorised Building Works (UBWs) <p>Other physical elements:</p> <ul style="list-style-type: none"> (a) Finishes, stone cladding and false ceiling in common corridors and lobbies

	(b) Manually or electrically operated metal gates erected at fence walls or entrance of buildings
Structural Elements	Columns; walls; beams; slabs; staircases; cantilevered projecting structures; transfer structures; water tanks and suspended manholes; protective barriers, railing, parapets and balustrades; screen walls and basement walls; hanging structures; exposed pile caps, and other special type of structure elements which are exposed in the building under inspection
Fire Safety Elements	Means of escape, means of access for fire-fighting and rescue, and fire resisting construction
Drainage System	(a) Drainage system located at external walls of the building (b) Drainage system in common parts (c) Drainage system laid within the common pipe ducts (d) Underground and above-ground common drainage system (e) Any other common drainage system for the building under inspection that may, if defective, choked or misconnected, affect the sanitary or hygienic condition of the building
Identification of UBWs	UBWs in the common parts of the building; on the exterior other than the common parts of the building such as external wall, roof, podium, yard or slope adjoining the building, or on the street on which the building fronts or abuts

2. All windows and glass louvers including window walls in common parts of the building would also form part of the “priority works” as building owners usually seek to comply with MBIS and MWIS notices served in respect of the common parts of the building at the same time.

MBIS-Plus works

3. As an incentive to building owners who choose to organise the

prescribed inspection and repair works by themselves, eligible owners of buildings participating in OBB 2.0 under Category 1 can make use of remaining subsidies for the following types of building repair and implement works that are within the scope of the Urban Renewal Authority's Common Area Subsidy Scheme and not covered under "priority works" –

- (a) Improvement of fire safety construction, e.g. improvement of means of escape, means of access for rescue and fire resistance construction
- (b) Provision, improvement or repair of fire services installations and equipment of buildings
- (c) Removal of UBWs and illegal roof top structures
- (d) Improvement of building services and sanitary facilities, e.g. repairing, maintaining and replacing lifts, fire services installations and equipment, electrical installations, gas risers, aerial system and replacing fresh water pipes
- (e) Repair of waterproofing membranes at rooftops and flat roofs and works to alleviate water seepage problem
- (f) Provision, improvement or repair of common water tanks
- (g) Repair or replacement of metal works and carpentry
- (h) Provision, improvement or repair of barrier free access facilities
- (i) Provision, improvement or repair of security systems, e.g. CCTV system
- (j) Maintenance works for slopes or retaining walls
- (k) Application of environmental material on repair works or installation of green/ environmental friendly works or facilities

Consultancy fee and incidental works

4. Inspection, professional services and any incidental or consequential works, such as touch-up and finishing works arising from the works mentioned in paragraph 1 to 3 above will also be covered.

Repetition of repair works

5. Repetition of the same items of repair works which had been completed in the last five years is not eligible of subsidy under OBB 2.0, unless the areas relating to such works have become dilapidated again as supported by the RI.

**Estimated Cost and Cash Flow Requirements of
Operation Building Bright 2.0**

Estimated Cash Flow Requirement (by years)	(HK\$'000)
2018-19	290,000
2019-20	530,000
2020-21	600,000
2021-22	600,000
2022-23	600,000
2023-24	380,000
Total	3,000,000