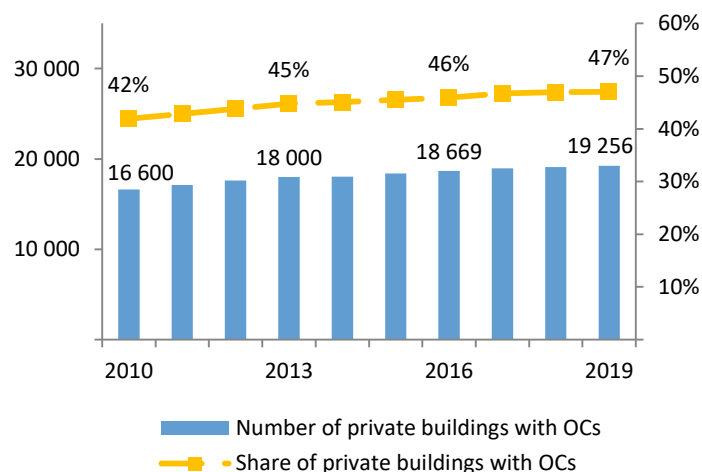




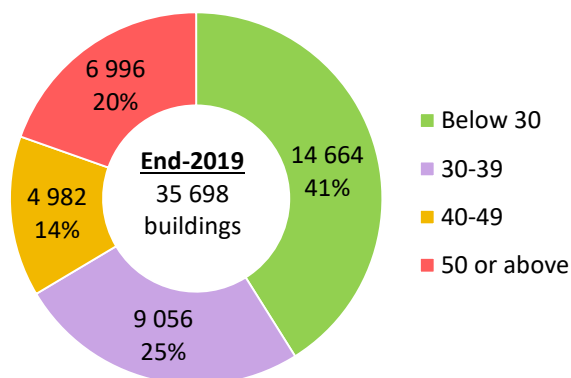
Building management in Hong Kong

Figure 1 – Number of private buildings⁽¹⁾ with owners' corporations ("OCs")



Note: (1) Including residential, composite, commercial and industrial buildings.

Figure 2 – Age distribution of private residential buildings⁽¹⁾ at end-2019



Note: (1) Including residential and composite buildings.

Figure 3 – Statutory notices for building inspection under MBIS by end-2019

	Number
(a) Notices issued	80 478
(b) Notices discharged	45 362
(c) Notices expired	25 570
(d) Notices not yet expired	9 546
Overall non-compliance rate (i.e. (c)/[(a) – (d)])	36%

Highlights

- The Building Management Ordinance ("BMO") was enacted in 1993 to improve overall building safety and management. It provides a legal framework for formation of owners' corporations ("OCs") in all private buildings (including residential, composite, commercial and industrial usages), setting out its powers and duties. On the back of policy encouragement from the Government, the total number of private buildings with OCs has increased by 16% in nine years to 19 300 in 2019, along with a rise in its proportion in overall private buildings from 42% to 47% (Figure 1).
- At end-2019, there was a stock of 41 000 private buildings in Hong Kong, with 35 700 or 87% of them designated for residential usage (including residential and composite usages). For flat owners and OCs in these residential buildings, building maintenance is one of their legal responsibilities, particularly so for older buildings approaching the end of their design working life of 50 years. In 2019, 20% of private residential buildings were built in 1969 or before, exceeding the 50-year threshold (Figure 2). Another 39% of such buildings aged 30-49, warranting early attention for public safety.
- In June 2012, the Government launched the Mandatory Building Inspection Scheme ("MBIS") for tackling building dilapidation at its root. Upon receipt of statutory notices for inspection, owners of all private buildings aged 30 or above need to appoint registered inspectors for (a) prescribed inspection; and (b) supervision of prescribed repair works. Non-compliant owner is liable to a maximum fine of HK\$50,000 and one-year imprisonment.
- During 2012-2019, the Government issued a total of 80 500 statutory notices for inspection (Figure 3). Within this total, 45 400 cases met the requirements and were discharged, with a compliance rate of 64%. For the rest of 36%, their non-compliance was partly attributable to lack of financial means or technical knowledge. Also relevant were coordination difficulty amongst owners and unclear ownership rights over common parts of the building.

Building management in Hong Kong (cont'd)

Figure 4 – Estimated number of buildings participating in the Operation Building Bright 2.0 by 2025

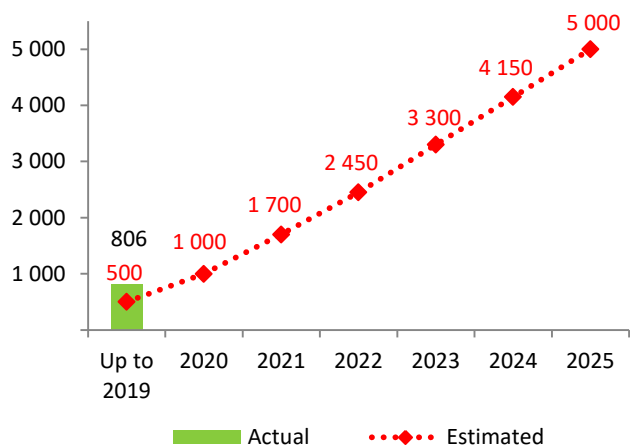


Figure 5 – Corruption complaints lodged to ICAC on building maintenance

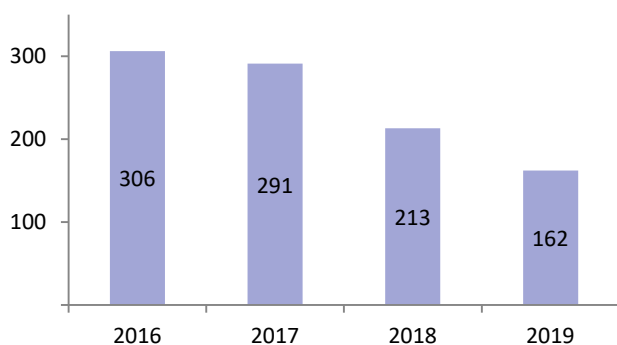
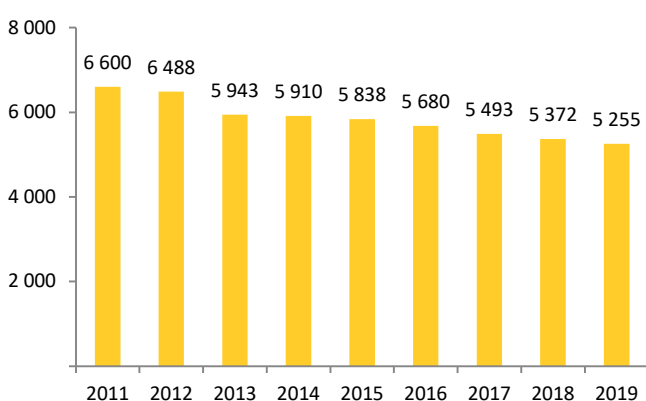


Figure 6 – Number of "three-nil" buildings



Highlights

- In August 2012, the Government launched the Mandatory Building Inspection Subsidy Scheme, providing subsidy to flat owners to conduct prescribed building inspection. A total of 191 buildings benefitted from this scheme by 2018-2019, with each building receiving a subsidy of some HK\$32,600. More recently in July 2018, the Government launched the Operation Building Bright 2.0 ("OBB2.0"), targeting to provide subsidy of HK\$6 billion and technical support to flat owners for carrying out prescribed inspection and repair works under MBIS. By end-2019, more than 800 buildings have already participated in OBB2.0, and this is targeted to reach 5 000 buildings by 2025 (**Figure 4**).
- There are strong public concerns over opportunities for corruption and bid-rigging during the tendering exercises of building maintenance and renovation, especially when flat owners do not have specialist knowledge on reasonableness of tender prices. In May 2016, the Urban Renewal Authority launched a fee-based scheme named "Smart Tender", offering technical assistance to flat owners (e.g. cost estimation of repair works and provision of electronic tendering platform). Reflecting in part the achievement of the scheme, corruption complaints involving building maintenance lodged to the Independent Commission Against Corruption ("ICAC") plummeted almost by half (47%) in three years to 162 cases in 2019 (**Figure 5**).
- For those buildings without OCs, residents' organizations nor engaging any property management company ("three-nil"), there are greater challenges in maintenance work. In November 2011, the Home Affairs Department launched the Building Management Professional Advisory Service Scheme, commissioning property management companies to assist flat owners to form or re-activate OCs. This scheme facilitated formation of 534 OCs over the past eight years. Together with other factors (e.g. demolition of obsolete buildings), there was a 20% drop in the number of "three-nil" buildings over the same period to 5 300 in 2019 (**Figure 6**).

Data sources: Latest figures from Home Affairs Department, Development Bureau, Buildings Department and Independent Commission Against Corruption.

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