

**Bills Committee on
Buildings (Amendment) Bill 2003**

Building Safety Loan Scheme

Purpose

This paper describes the Building Safety Loan Scheme (BSLS) administered by Buildings Department (BD).

Background

2. In April 2001, the Finance Committee of the Legislative Council approved the merger of the Fire Safety Improvement Loan Scheme (FSILS) and the Building Safety Improvement Loan Scheme (BSILS) into one scheme – the BSLS – with a commitment of \$700 million to provide loans to building owners who need financial assistance to improve the safety of their premises. Administered by the Director of Buildings, the BSLS commenced operation in July 2001.

Coverage

3. The BSLS provides comprehensive assistance to individual owners of private buildings to carry out all types of works to upgrade or improve the safety of their buildings or slopes, covering both works carried out in response to statutory directions/orders and those undertaken on a voluntary basis. All types of private buildings, including domestic, composite, commercial and industrial buildings, are covered by the Scheme.

4. Works eligible for loans under the Scheme include -

- (a) improvement of the structural aspects of buildings, e.g., repair to loose, cracked, spalled or otherwise defective concrete;

- (b) improvement of the safety of external elevations of buildings, e.g., repair to defective rendering and mosaic tiles;
- (c) improvement of the fire safety of buildings, e.g., means of escape, means of access for fire fighting and rescue, and fire resisting construction;
- (d) provision and maintenance of, and improvement to fire service installations and equipment of buildings;
- (e) removal of unauthorized building works (UBWs) and illegal rooftop structures;
- (f) improvement of building and sanitary services, e.g., repair, maintenance and replacement of lifts, fire service installations and equipment, electrical wiring, gas risers, replacement of defective soil, waste, rainwater, water supply and vent pipes, and underground drainage;
- (g) maintenance or improvement of the safety of slopes and retaining walls;
- (h) improvement of the fire and building safety of cubicles;
- (i) maintenance works in association with the above works, including investigation works and professional services; and
- (j) any incidental or consequential works related to (a) – (i) above, e.g., “touching up” works after remedial works.

Application Procedures

5. Applicants have to provide some basic and essential information e.g., name and contact details. A copy of application form is at the **Annex**. In addition, the following supporting documents are required -

- (a) a copy of the applicant's (and any co-owner's) Hong Kong identity card; and
- (b) for removal of UBWs, a quotation with a breakdown of the items of works; or
- (c) for comprehensive repair works for common areas of the building, a copy of the works contract.

6. For loan applications to remove UBWs submitted by individual owners, the Buildings Department (BD) would approve the loan amount based on the applicant's submitted quotation detailing the required works. In respect of building repair works for common areas which are co-ordinated by an owners' corporation (OC), the department would obtain from the OC the works contract and the agreed method of apportionment of the project costs to form the basis for establishing the loan amount to be granted to individual owners. In both cases, the amount of loans shall not exceed the total costs of the works (including supervision thereof), as apportioned among the number of owners who contribute to the improvement project, subject to a ceiling of \$1 million per unit of accommodation.

7. Borrowers are required to sign a loan agreement. For the aged or infirm who need special assistance, the signing may be done at their home. Subject to the provision of all required supporting documents, the average processing time for an application is two weeks for the removal of UBWs and three weeks for other works.

Interest and Security

8. Applicants for interest-bearing loans do not need to go through any means tests. Loans are provided at a low interest rate on the principle of "no gain, no loss" to Government. In some cases, for example, where the owner is a recipient of the Normal Old Age Allowance or Comprehensive Social Security Assistance, an interest-free loan may be applied for.

9. For loans below \$50,000, no security is required. For loans of \$50,000 or above, security is required in one of the following forms :

- (a) for loans between \$50,000 and \$150,000, applicants are required to complete a deed of indemnity, which takes the form of a personal guarantee by a relative or friend of the borrower acting as the indemnifier;
- (b) for loans between \$150,001 and \$250,000, applicants are required to complete a deed of indemnity similar to the one described in (a) above, and the applicant needs to pass repayment ability and credit checks; or
- (c) for loans over \$250,000, applicants are required to execute a legal charge registered against the title of a property owned by the applicants concerned in Hong Kong or to obtain a letter of guarantee issued by a restricted licence bank/licensed bank in Hong Kong.

Repayment of Loans

10. Borrowers will repay the principal and interest of the loan by equal monthly instalments up to 36 months, which may be extended to 72 months in special circumstances. Aged borrowers who have financial difficulty may apply to defer the repayment until the transfer of the property, or death of the borrower, whichever is the earlier.

Progress

11. Since the implementation of the BSLS in July 2001, BD had, up to July 2003, received 5,928 applications and approved 5,185 applications with loans amounting to \$155.57 million. These amount to an average of:

- (a) 247 applications received per month, representing 6 times the number under the previous schemes of FSILS and BSILS;
- (b) 216 applications approved per month, representing 7 times the number under the previous schemes; and

- (c) \$6.48 million of loans approved per month, representing 8 times the monthly average under the previous schemes.

12. Out of the approved 5,185 applications, 4,836 loans involve amounts of less than \$50,000, representing about 93% of the total number of approved applications under the BSLS. Hitherto, BD has not received any application for deferred repayment until transfer of title or death of the borrower.

13. A breakdown of the approved loans by types of works as at July 2003 is listed in the table below :

Types of Works	BSLS (from 28 July 2001 to 31 July 2003)	
	Number of Applications Approved	Approved Amount (\$M)
(I) Building Repair	4,309	125.81
(II) Removal of UBWs	711	24.32
(III) Slope Safety	14	0.67
(IV) Fire Safety/Improvement	137	4.65
(V) Electrical and Lift Safety	14	0.12
Total	5,185	155.57

Conclusion

14. The BSLS provides useful financial assistance to tide owners over in carrying out removal and repair works to improve the safety of their premises. We will continue to monitor its progress and review its criteria and procedures.

Housing, Planning and Lands Bureau
September 2003



Annex
Building Safety Loan Scheme
(Comprehensive Building Safety Improvement Loan Scheme
also known as Building Safety Loan Scheme)

APPLICATION FORM

Please read the "Guidance Notes for Loan Application" before completing the Application Form

PART I (This part must be completed in BLOCK LETTERS by ALL applicants)

- (1) Name of Applicant (surname first)/Company _____
- (2) HKID card No./Business Registration Certificate No. _____
- (3) Correspondence address _____

- (4) Home Tel. No./Mobile Tel. No. _____
- (5) Fax No. _____
- (6) Property address (in respect of loan application) _____

- (7) Type of building*
domestic commercial/domestic
commercial industrial
others : please specify _____
- (8) Loan amount applied for (at a total of HK\$ _____)# to carry out the following works:
- | | | |
|---|--|--------------------------------------|
| <input type="checkbox"/> Inspection/investigation | <input type="checkbox"/> Comprehensive building repair | <input type="checkbox"/> UBW removal |
| <input type="checkbox"/> Slope improvement/
upgrading | <input type="checkbox"/> Slope maintenance | <input type="checkbox"/> Gas risers |
| <input type="checkbox"/> Electrical Installation | <input type="checkbox"/> Lift | <input type="checkbox"/> Plumbing |
| <input type="checkbox"/> Fire safety provision/improvement/construction/maintenance | | |
- (9) Any order/direction/advisory letter from government department(s) received*? ☐ Yes ☐ No
- (10) Repayment method applied for* -
- a) For applicants of interest-bearing loans, a maximum of 36 months.
If shorter period is applied for, please specify : _____ months;
- b) For applicants of interest-free loans, a maximum of 72 months (please see and complete Part II).
Please specify the period applied for : _____ months;
- c) Deferred repayment for an unspecified period i.e. on transfer of title of the property or death of the borrower (for elderly applicants in financial hardship only).

The approved loan amount will be grossed up by a registration fee of \$130, and the fee will be deducted from the first release of loan.

* Please tick as appropriate. 10(b) and 10(c) are not applicable to company applicant

(11)

Amount of loan granted under the Building Safety Loan Scheme/the former Building Safety Improvement Loan Scheme/the former Fire Safety Improvement Loan Scheme

(Relevant Loan No. _____)
HK\$ _____

(12) Nature of property owned *

Sole ownership

Joint ownership (Please fill in the details below)

Name(s) of co-owner(s) (other than applicant)	HKID card No.	Contact Tel. No.	Signature of co-owner(s) giving consent to the application

(Use separate sheet, if necessary)

PART II (To be completed by applicant who wishes to apply for interest-free loan, see paragraphs 5 and 6 of Guidance Notes)

I apply for interest-free loan because I am -

☐ (a) a Comprehensive Social Security Assistance Recipient*

Responsible Social Security Field Unit & File Reference

☐ (b) a Normal Old Age Allowance Recipient*

Responsible Social Security Field Unit & File Reference

☐ (c) earning income and possessing assets within the limits set for Low Income Category set out in paragraph 5 of the Guidance Notes* (Please fill in the details of (i) to (iii) below)

(i) Family financial situation (including income and assets of the applicant and those of other household member(s). If applicant is aged 60 or above, only his (and the spouse's) information need to be included.)

Name	Age	Relationship	Occupation	Monthly Income	Asset Possessed
Total					

(use separate sheet, if necessary)

(ii) Is the property to which the loan relates mortgaged*?

☐ Yes (Monthly mortgage repayment HK\$ _____) ☐ No

(iii) Address of other property owned, if any

*Please tick as appropriate

PART III (This part must be completed by ALL applicants)

DECLARATION

1. As the owner/co-owner of the above-mentioned property, I hereby confirm that I have not applied for and am not receiving any other government loan for the same improvement project of this application;
2. My consent is hereby given to the Director of Buildings, in assessing my eligibility for the Building Safety Loan Scheme (the Loan Scheme), to check and match my personal data on this application and other relevant documents submitted with my personal data collected for any other purpose. I authorize the Director of Buildings to approach other government departments, public/private organizations, the solicitor or the banks/lending institutions concerned and expressly agree that they may give access to the Director of Buildings my personal data they possess, so that the Director of Buildings can use such data for the purpose of processing my application, ascertaining my compliance with the rules of the Loan Scheme and/or taking appropriate action against me, if necessary;
3. I agree that the personal data provided by me in this application can be used by the Director of Buildings in activities relating to the administration of the Loan Scheme and may be disclosed to other connected bodies for such purposes. It will not be possible to process my application if I fail to provide all the information requested; and
4. I, the undersigned, certify to the best of my knowledge that the information given above is correct. I shall keep the Director of Buildings informed of any changes of such information subsequent to the submission of this application. I shall undertake to repay the loan if approved and any accrued interest according to the repayment schedule prescribed by the Director of Buildings. I understand and agree that if the loan is not used for the purpose stated, and/or I will cease to be the owner of the subject property after the loan is granted, the Director of Buildings will have the right to demand immediate repayment of the loan plus any interest accrued before the due date.

Applicant's Signature/Authorized Signature of Company _____

Name _____

Date _____

Any wilful misrepresentation or omission may lead to disqualification and court proceeding. Applicants are reminded that it is an offence to obtain pecuniary advantage by deception. Any person who does so commits an offence and is liable on conviction to imprisonment for 10 years under the Theft Ordinance, Chapter 210.

Name _____

Address _____

Name _____

Address _____

(Please fill in the applicant's name and address in BLOCK letters)

The following supporting documents must be submitted together with the application form :

For All Applicants

1. A copy of order/direction/advisory letter from government department(s) giving rise to the loan application, if received.
2. Copy of the report from qualified professionals and/or quotation/tender of the works proposal; and
3. Copy of the resolution of the general meeting of Owners' Corporation, if any item of work involved in the proposal is in the common parts of the building. Where no Owners' Corporation has been formed, documentation showing owners' consent for such item of work.

Individual applicants to submit also

1. Copy of **HKID card** of the applicant;
2. For joint ownership, copy of the **HKID cards of the other co-owners**; and
3. For applicants **applying for deferred repayment until transfer of title of the property/death of the borrower**, a reference in support of the application from a registered social worker may be required.
4. For applicants of interest-free loan under the low income category, the following are required –
 - (a) a letter from the employer to certify the applicant's average monthly remuneration for the past 12 months, or a copy of current year's income tax assessment on his annual income. Similar certification letters from the employers of his other household members are required; and
 - (b) a photocopy of all the bank account book(s) (including the payroll bank account), in the applicant's (and the other household member(s)') possession showing the transaction details (including net back items) for the last 12 months.

Company applicants to submit also

1. Copy of the **Certificate of Incorporation** and **Business Registration Certificate** of the company;
2. Copy of the **board resolution** of the company for the application;
3. Copy of the latest **Annual Return** of the company; and
4. If there have been changes in the particulars of the secretary or the directors after the said Annual Return has been submitted to the Companies Registry, a copy of the relevant **Notification of Changes of Secretary and Directors**.

Application form must be submitted or posted together with the supporting documents to the following address :

Buildings Department
 Building Safety Loan Scheme Secretariat
 Room 1502, 15th floor
 Pioneer Centre
 750 Nathan Road
 Kowloon
 Tel : 2626 1579
 Fax : 2398 3929