

立法會
Legislative Council

LC Paper No. CB(2)1496/18-19(02)

Ref: CB2/PS/4/16

Panel on Development and Panel on Home Affairs

**Joint Subcommittee to Follow Up Issues Relating to the
Redevelopment, Maintenance and Management of Aged Buildings**

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 27 May 2019**

**Technical and financial assistance schemes
for facilitating building maintenance and repair**

Purpose

This paper gives a brief account of past discussions of the Panel on Development and the Panel on Security on the technical and financial assistance schemes for facilitating building maintenance and repair.

Background

Various technical and financial assistance schemes for facilitating building maintenance and repair

2. According to the Administration, it has implemented various technical and financial assistance schemes to help building owners in need to maintain and repair their buildings. Such schemes¹ include:

¹ Please refer to "Building Rehabilitation Platform" launched by the Urban Renewal Authority for details of various building assistance and subsidy schemes for facilitating building maintenance and repair: <https://brplatform.org.hk/en/subsidy-and-assistance/integrated-building-rehabilitation-assistance-scheme>.

- (a) Mandatory Building Inspection Subsidy Scheme;
- (b) Common Area Repair Works Subsidy;
- (c) Operation Building Bright 2.0 ("OBB 2.0");
- (d) Fire Safety Improvement Works Subsidy Scheme ("FSW Scheme");
- (e) Lift Modernisation Subsidy Scheme ("LIMSS");
- (f) Owners' Corporation Formation Subsidy;
- (g) "Smart Tender" Building Rehabilitation Facilitating Services ("Smart Tender Scheme");
- (h) Home Renovation Interest-free Loan;
- (i) Building Safety Loan Scheme; and
- (j) Building Maintenance Grant Scheme for Elderly Owners.

Integrated Building Rehabilitation Assistance Scheme

3. The Urban Renewal Authority ("URA") has integrated the various technical and financial assistance schemes as set out in paragraph 2 above, and launched an all-in-one Integrated Building Rehabilitation Assistance Scheme ("IBRAS"). IBRAS aims at facilitating buildings owners to apply for and acquire various assistance and subsidy schemes more easily. Owners' organizations or owners are only required to submit an application form and URA will provide suitable technical and financial support in accordance with the criteria concerned, building condition and needs.

Deliberations by members since 2016-2017 session

4. The Panel on Development has discussed OBB 2.0, LIMSS and Smart Tender Scheme at its various meetings since March 2017, and the Panel on Security discussed the FSW Scheme at its meeting on 9 January 2018. Members' major views and concerns are summarized in the ensuing paragraphs.

Operation Building Bright 2.0

Eligible buildings

5. While members in general welcomed the introduction of OBB 2.0, they suggested increasing the ceilings on the average rateable values ("RV") of the participating buildings such that more buildings could be covered. Besides, members noted the Administration's proposal that aged "three-nil" buildings with Mandatory Building Inspection Scheme notices would be selected by the Buildings Department ("BD") to be included as Category 2

buildings² under OBB 2.0. They further suggested that the Administration should allow those owners concerned to raise a request for having their buildings enlisted as Category 2 buildings on their own accord, given the difficulties faced by these owners in coordinating the prescribed inspection and repair works in the common parts of the buildings.

6. The Administration advised that, to ensure proper use of public resources, it would focus on providing appropriate assistance to those needy owners in discharging their responsibility to properly maintain their buildings. By setting the current average RV ceilings on participating buildings, around 80% of buildings aged 50 years or above would be covered. To take forward the inspection and repair works in the common parts of Category 2 buildings, BD would proactively select those eligible buildings and determine the priority among the selected buildings for conducting works in default of the owners based on risk assessment.

Subsidy level

7. Regarding the Administration's proposal to provide a higher rate of subsidy to elderly eligible applicants aged 60 or above at 100% of the cost subject to a cap of \$50,000 per unit, some members suggested that the Administration should consider granting higher rate of subsidy to eligible applicants who were issued with "Registration Card for People with Disabilities". The Administration undertook to take into account members' suggestion when reviewing the implementation of OBB 2.0 before inviting the second round of applications in around 2020.

Implementation plan and monitoring of quality of work

8. Members also discussed issues on the implementation of OBB 2.0, such as the possible pressure on the market due to a surge in the demand for building maintenance works, and the monitoring of the quality of works subsidized by OBB 2.0. They also urged the Administration and URA to take effective preventive measures against corruptive practices and bid-rigging in the building repair and maintenance projects under OBB 2.0.

9. The Administration advised that apart from the regular efforts against bid-rigging, new measures would be put in place for OBB 2.0. Owners of

² Category 2 buildings cover those buildings which have outstanding Mandatory Building Inspection Scheme ("MBIS") notices but the owners concerned have difficulty in coordinating the inspection and repair works.

participating Category 1 buildings³ had to participate in URA's Smart Tender Scheme. All buildings joining OBB 2.0 would also be automatically registered for the RenoSafe Scheme operated by the Police, which would offer services including a hotline for enquiries and crime reporting, as well as education materials relating to building repair works.

Fire Safety Improvement Works Subsidy Scheme

Eligibility for subsidy

10. Members generally welcomed the Administration's plan to devote \$2 billion to launch the FSW Scheme to subsidize owners of pre-1987 composite buildings to undertake fire safety enhancement measures as announced in the 2017 Policy Address. Noting that there were about 6 400 target composite buildings ("TCBs") and the \$2 billion fund for the FSW Scheme aimed to benefit around 2 000 TCBs only, members enquired why the Scheme did not cover all TCBs and whether and how the Administration would assist the remaining 4 400 TCBs.

11. The Administration explained that it was proposed that subsidy under the Scheme would be disbursed to owners' corporations ("OCs") or owners' committees on a building-basis. It was estimated that about 50% of TCBs had formed OCs or owners' committees. Coupled with a ceiling on the average RV of residential units of TCBs, it was therefore estimated that around 2 000 of these TCBs would be eligible for the subsidy under the Scheme. For the remaining TCBs, the Administration would continue to encourage building owners to carry out the fire safety improvement works and assist them to form OCs.

Technical difficulties encountered by owners of buildings

12. Expressing concern that buildings without OCs and owners' committees would not be eligible for subsidy under the FSW Scheme, some members considered that the Administration should provide direct subsidy to individual owners. Some members also pointed out that individual owners might not be able to carry out the fire safety improvement works on their own accord due to structural or spatial constraints. These members suggested that the Administration should carry out such improvement works for the owners concerned and recover the costs from them.

³ Category 1 buildings cover those buildings whose owners are prepared to take up the organization of the prescribed inspection and repair works for at least the common parts of their buildings, with or without being served MBIS notices.

13. The Administration advised that it would be difficult for the Fire Services Department to carry out the fire safety improvement works for individual owners, as there were various matters requiring the agreement and coordination amongst the owners, for instance, identification of the location for installation of a fire service water tank in a building, arrangement of annual inspection of the fire service installations and equipment, as well as sharing of subsequent repair and maintenance costs. The Administration undertook to review the FSW Scheme some time after its implementation.

Lift Modernisation Subsidy Scheme

Eligibility for subsidy

14. Some members expressed disappointment about the stringent application threshold of LIMSS. At its meeting on 23 October 2018, the Panel on Development passed two motions urging the Administration to, inter alia, relax the application threshold of LIMSS. The Administration advised that LIMSS aimed at providing appropriate support to needy owners to facilitate modernization of their aged lifts. Relaxing the average RV ceiling of LIMSS would not necessarily increase the number of subsidy recipients but might defeat the policy intent of helping those more needy owners. Based on the existing RV ceiling, it was estimated that about 13 000 lifts would meet the eligibility criteria for LIMSS.

15. At the same meeting of the Panel on Development on 23 October 2018, the Panel passed another two motions urging the Administration to, inter alia, extend the coverage to enable more elderly people to be eligible under LIMSS and allow elderly owner-occupiers to apply for subsidies under LIMSS independently. The Administration advised that additional subsidy, at a cap of \$50,000 per domestic unit, would be granted under LIMSS to elderly owner-occupiers of eligible buildings without the need to undergo any asset or income means test. Besides, there were some other existing subsidy schemes including the Building Maintenance Grant Scheme for Elderly Owners and the Building Safety Loan Scheme which could offer financial assistance to those elderly owner-occupiers of those buildings not currently applicable under LIMSS to modernize their aged lifts where appropriate.

Monitoring of quality of works

16. In response to members' suggestion that the Administration should assist the building owners in monitoring the progress and quality of the lift modernization works, the Administration advised that URA would engage

consultants to provide free services to the participating buildings for pursuing the lift modernization works. The services included, inter alia, scope assessment, tender document preparation based on proforma standard tender documents, tender evaluation (limited to offering technical advice), works supervision and contract management associated with the lift modernization works.

Manpower of the lift industry

17. Members expressed concern as to whether there would be sufficient manpower in the lift industry to cope with the increased number of lift modernization works upon the implementation of LIMSS. They urged the Administration to improve the working environment and wage level of the lift industry, so as to attract new entrants to the industry. At its meeting on 23 October 2018, the Panel on Development passed another motion urging the Administration to, inter alia, examine ways to further attract new recruits to join the industry so that sufficient manpower support might be provided for LIMSS.

18. According to the Administration, LIMSS would be implemented in an orderly manner in a six-year period and the maximum number of lifts to be modernized each year would be set to alleviate the manpower pressure of the industry. The Administration also advised that it had implemented a series of measures to attract more new recruits to the lift and escalator industry in recent years, including the Earn & Learn Scheme, lift and escalator courses provided for training workers, the Contractor Cooperative Training Scheme, etc.

"Smart Tender" Building Rehabilitation Facilitating Services

Scope of the Scheme

19. Some members called on URA to consider extending the scope of the Smart Tender Scheme to assist OCs of private buildings in the procurement of consultancy services for carrying out building rehabilitation works. URA advised that the Smart Tender Scheme would be extended to cover the procurement of consultancy services for building rehabilitation works. URA would also explore ways to assist owners in analysing the tenders received from consultants. In addition, URA had set up the new Building Rehabilitation Platform as an all-in-one centre to provide relevant information and technical support to owners.

Publicity of the Scheme

20. Members expressed concern about the low participation rate of Smart Tender Scheme. They suggested that the Development Bureau and URA should work closely with the Home Affairs Department ("HAD") to strengthen public education and publicity on the Scheme. According to the Administration, URA had been promoting the Smart Tender Scheme through various means, including television and print media interviews, radio advertisement and poster advertisement at mass transit railway stations. URA also issued introductory letters of the Scheme to all District Council members and over 2 000 OCs. Besides, URA and HAD had been making concerted efforts to organize education and publicity activities to enhance property owners' knowledge about the Scheme. Given that an initiative was introduced to allow property owners to participate in the Scheme at a concessionary rate, it was expected that more property owners would be able to benefit from the Scheme.

Selection of an independent third-party advisor

21. Some members enquired about the selection criteria for appointing an independent third-party advisor for each successful applicant under the Smart Tender Scheme. They were concerned how building owners could deal with the unsatisfactory performance of the independent third-party advisors.

22. The Administration advised that the selection of the independent advisors had been made through an open tendering process and the tenderers might come from the lists of professionals such as engineers and surveyors maintained by URA and the Administration. URA allocated cases to independent advisors on a rotational basis. The independent advisors should declare that they had no conflict of interest in undertaking the allotted cases before commencing the services. URA would monitor their performance and impose penalty measures in case of unsatisfactory performance, for example, issuing warning letter, reflecting in the performance appraisal and barring them from bidding URA contracts.

Relevant papers

23. A list of relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
21 May 2019

**Relevant papers
on technical and financial assistance schemes
for facilitating building maintenance and repair**

Committee	Date of meeting	Paper
Panel on Development	28 March 2017 (Item V)	Agenda Minutes LC Paper No. CB(1)866/16-17(01)
Panel on Development	20 December 2017 (Item IV)	Agenda Minutes LC Paper No. CB(1) 577/17-18(01)
Panel on Security	9 January 2018 (Item IV)	Agenda Minutes
Panel on Development	29 May 2018 (Item VII)	Agenda Minutes LC Paper Nos. CB(1)1127/17-18(01), (02), (03) and (04) LC Paper No. CB(1)1146/17-18(01)
Panel on Development	26 June 2018 (Item III)	Agenda Minutes LC Paper No. CB(1)1329/17-18(01)
Panel on Development	23 October 2018 (Item IV)	Agenda Minutes LC Paper Nos. CB(1)158/18-19(01) and (02)