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Panel on Development and Panel on Home Affairs

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

Purpose

This paper reports on the deliberations of the Joint Subcommittee to Follow Up Issues Relating to the Redevelopment, Maintenance and Management of Aged Buildings ("the Joint Subcommittee").

Background

2. There are around 35 000 domestic/composite buildings in Hong Kong, of which around 6 800 buildings are aged 50 years or above. Problems relating to the redevelopment, maintenance and management of aged buildings have always been a concern of the Panel on Development ("DEV Panel") and the Panel on Home Affairs ("HA Panel").

The Joint Subcommittee

3. DEV Panel and HA Panel appointed, at their respective meetings on 17 July 2017, the Joint Subcommittee to study and follow up the issues relating to the redevelopment, maintenance and management of aged buildings (including but not limited to redevelopment, building structure and fire safety of aged buildings, the handling of problems of water seepage and signboards on external walls of aged buildings and the formation of owners' corporations ("OCs") and building management, etc.) and to make timely recommendations. The terms of reference and membership of the Joint Subcommittee are set out in **Appendices I and II** respectively. The Joint Subcommittee commenced work in March 2019.

4. Under the chairmanship of Hon LAU Kwok-fan, the Joint Subcommittee held a total of five meetings, including four meetings with the Administration.

Deliberations of the Joint Subcommittee

5. The Joint Subcommittee has focused its deliberations on the following areas:

- (a) Urban Renewal Strategy;
- (b) Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545);
- (c) technical and financial assistance for facilitating building maintenance and repair;
- (d) Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme;
- (e) building management and support measures for aged buildings; and
- (f) Joint-Office for Investigation of Water Seepage Complaints.

Urban Renewal Strategy

The District Study for Yau Ma Tei and Mong Kok of the Urban Renewal Authority - Findings of the baseline review

6. As advised by the Urban Renewal Authority ("URA"), it has, in May 2017, embarked on a district study for Yau Ma Tei and Mong Kok ("Yau Mong District Study") to carry out in-depth analysis and assessment on the critical issues in urban renewal, explore how best to enhance existing land use and redevelopment potential, and to recommend practical and feasible modus operandi in urban renewal which may be adopted in other districts. The Study will also examine the effectiveness of various measures under the Urban Renewal Strategy promulgated in 2011.

7. Some members have suggested that URA should develop underground space in Yau Mong Districts in order to provide more space and promote walkability. They hold the view that a high-level task force

comprising representatives from various government departments and URA should be set up to take forward the development of underground space in Yau Mong Districts with a view to strengthening collaboration among government departments and URA. They have further suggested that URA should take into consideration the usage of footbridges in planning the redevelopment of Yau Mong Districts, thereby reducing pedestrian congestion on the ground.

8. URA has advised that Yau Mong District Study will cover the feasibility of developing underground space in Yau Mong Districts. URA is working in the direction of fully utilizing above ground and underground space in Yau Mong Districts. In addition, it has set up a study steering committee comprising representatives from various government bureaux/departments to oversee the process of conducting Yau Mong District Study.

Urban Renewal Fund

9. Members note that, the Urban Renewal Fund ("URF"), incorporated as a company limited by guarantee on 15 August 2011, is set up pursuant to section 6(2)(s) of the Urban Renewal Authority Ordinance (Cap. 563) to act as the trustee and settlor of the Urban Renewal Trust Fund. The Urban Renewal Trust Fund, with an endowment of \$500 million from URA, provides an independent funding source to support the operation of the social service teams ("SSTs") that render assistance to the affected owners and tenants of the urban redevelopment projects implemented by URA. The Urban Renewal Trust Fund also supports activities of the District Urban Renewal Forums, and it has implemented the Urban Renewal Heritage Preservation and District Revitalisation Funding Scheme ("the Funding Scheme") to support projects proposed by organizations and residents at the district level to address local needs.

10. In response to members' enquiry about how URF monitors the performance of SSTs in the provision of assistance to residents affected by redevelopment projects implemented by URA, URF has advised that it assesses SSTs' performance in accordance with the objectives and scope of services specified in the tender documents, and SSTs have to submit reports to URF on a quarterly and annual basis regarding the service they have delivered. In addition, URF, URA and SSTs have meetings on a quarterly basis to enhance communication among themselves.

11. Some members are concerned as to how URF will monitor the activities of the approved projects under the Funding Scheme to ensure that such activities are free from political influence. URF has advised that

under the Funding Scheme, the organizations concerned should ensure that the activities of the approved projects should be free from political influence. Upon the expiry of the funding period, the contractual relationship between the organizations and URF will cease, but the organizations concerned are encouraged to continue running the projects on a self-financing basis or with alternative sources of funding.

12. Members have requested URF to make clear to the applicant organizations prior to the approval of the projects under the Funding Scheme that the activities of the approved projects should be free from political influence, and the information, in particular personal data, collected under the projects during the funding period should not be used in any political activity during and after the expiry of the funding period.

Land (Compulsory Sale for Redevelopment) Ordinance

13. According to the latest information provided by the Administration, since the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) ("the Ordinance") coming into operation in 1999 and up till 31 October 2019, the Lands Tribunal has received 344 compulsory sale applications, of which 279 applications are received since the lowering of the compulsory sale application threshold to 80% in respect of specified classes of lot in April 2010. Out of these 279 applications, 192 are filed under the 80% threshold. There are also 161 discontinued/withdrawn/adjourned applications out of the 344 applications.

14. Some members have expressed concern about the possible abuse of the mechanism under the Ordinance for exerting pressure on the minority owners to sell their properties. An enquiry has been raised about the reasons behind the large number of discontinued/withdrawn/adjourned compulsory sale applications. Members are advised that compulsory sale applications are considered by the Lands Tribunal, which is independent from the executive authorities. Based on publicly available information, the Administration notes that most of the withdrawn or discontinued compulsory sale applications are due to the majority owners' successful negotiation with the minority owners for acquiring their property interests after submitting the compulsory sale applications.

Technical and financial assistance for facilitating building maintenance and repair

15. When receiving a briefing by URA on the technical and financial assistance for facilitating building maintenance and repair, members were advised that URA launched an all-in-one Building Rehabilitation Platform

("the Platform") in March 2019 to offer comprehensive building rehabilitation information and technical support for owners. URA has also launched the Smart Tender Building Rehabilitation Facilitating Services ("the Smart Tender Scheme") in May 2016. Under the Smart Tender Scheme, URA will arrange an independent third-party consultant to offer advice to owners on the documents for procurement of the works contractor and to provide an estimated cost of the works so that owners may assess the reasonableness of the bids received by them. In addition, the Buildings Department ("BD"), the Hong Kong Housing Society and URA have been operating various financial assistance schemes, in the form of grants and loans, to help building owners in need to maintain and repair buildings.

16. Members are concerned that some building owners might encounter difficulties in selecting consultants and contractors ("service providers") to carry out maintenance and repair works because of variances in service quality of these service providers in the market. Members have requested URA to introduce measures to monitor the quality of service providers which are on URA's service providers reference list. They have also requested URA to appoint independent consultants to conduct audit checks on the quality of repair works conducted by contractors under the Smart Tender Scheme.

17. URA has advised that some owners may be hesitant in organizing building repair works due to the lack of technical knowledge or worry of possible bid-rigging. As such, URA launches the Smart Tender Scheme and the Platform to provide comprehensive and professional information along with technical support to building owners. URA has also advised that while it would have difficulty in monitoring the performance of service providers as they are directly engaged by building owners, it is exploring with the trade the feasibility of establishing a list of service providers as reference for building owners via the Platform. The list is intended to encourage service providers to have a system to assure their service quality and integrity.

Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme

18. The Joint Subcommittee notes that as of end 2018, BD has issued 5 556 notices under the Mandatory Building Inspection Scheme ("MBIS") and 9 846 notices under the Mandatory Window Inspection Scheme ("MWIS"). Some members consider that the implementation progress of the two schemes is unsatisfactory, in particular the process of selecting target buildings under MWIS is too lengthy. Concerns have been raised about the effectiveness of the risk-based approach in selecting target

buildings and the workload of BD staff in implementing the two schemes. Some members have suggested that the Administration should take into account the conditions of aged buildings in selecting target buildings under MBIS.

19. The Administration has advised that BD has established a selection panel to adopt a risk-based approach and tender advice on the selection of target buildings for issuing statutory notices under the two schemes. All buildings, including those that have completed the two schemes, would be scored to determine the priority of action for the two schemes. Noting the volume of work involved, BD has adjusted its priority in the implementation of both schemes, placing focus on taking enforcement action against non-compliance cases instead of only issuing new notices. In addition, BD has been selecting buildings with repeated window-falling incidents or windows in deteriorated or defective state for issuing statutory notices under MWIS.

20. Noting that there are some 47 000 non-compliance cases under MWIS, members have urged the Administration to strengthen publicity on MWIS and step up its enforcement action. Members have also urged the Administration to include in the Code of Practice for MBIS and MWIS ("CoP") the suggestion of installing cable bracings on windows, so as to prevent them from falling. There is also a suggestion that the reference costs of the prescribed window inspection and repair works should be provided by the Cost Reference Centre under the Platform.

21. The Administration has advised that the Technical Committee on CoP would consider members' suggestion of installing cable bracings on windows as an extra safety measure in addition to window repair. In addition, BD has liaised with various related trade/contractor associations, which have provided a list of their members interested in providing window inspection and repair services under MWIS. [Hyperlink to the list and cost information for window inspection and repair obtained from the market are available on BD's website.](#)

Building management and support measures for aged buildings

Work of the Home Affairs Department in building management and support measures for aged buildings

22. Members in general are of the view that some Liaison Officers ("LOs") of the Home Affairs Department ("HAD") are unable to effectively assist OCs in handling building management matters and legal issues at OC meetings. Members are also concerned about the heavy workload and

manpower shortage problem of LOs. They have suggested that the Administration should strengthen the manpower of and the training for LOs, and create a specialized stream on building management for the LO grade with a view to providing professional advice and assistance to owners and OCs in a timely manner. They have further suggested that HAD should collect statistics on the total number of beneficiaries of its support measures for owners of aged buildings so as to facilitate future planning.

23. According to the Administration, LOs render assistance such as providing information on the requirements under the Building Management Ordinance (Cap. 344) regarding the operation of OCs during OC meetings. HAD provides induction courses, training programmes and briefing sessions for LOs from time to time, and a list of frequently asked questions on building management has been made available to LOs. While LOs are not in a position to provide legal advice, HAD will, in collaboration with the Law Society of Hong Kong, launch the Free Outreach Legal Service on Building Management ("FOLAS") on a pilot basis for three years. FOLAS will be free for OCs. HAD will provide subsidy for lawyers to assist eligible OCs in conducting OC meetings and provide legal advice at those meetings. HAD will conduct a review of FOLAS after the three-year implementation period.

Support measures tailored for "three-nil" buildings provided by the Home Affairs Department

24. Members note that HAD has introduced targeted support services for "three-nil" buildings,¹ including the Building Management Professional Advisory Service Scheme ("BMPASS") and the Resident Liaison Ambassador Scheme. These schemes aim to assist owners of such buildings to organize themselves to form OCs, so that they can improve the management of the buildings, undertake building maintenance works where necessary and apply for relevant loans and subsidies.

25. Some members have expressed concern about the small number of OCs formed/re-activated under BMPASS. They have requested the Administration to provide more incentives to encourage owners to form OCs, and roll out more pilot schemes to demonstrate the benefits of forming OCs. In the light of the poor environmental hygiene conditions of some aged buildings, some members have suggested that the

¹ "Three-nil" buildings refer to buildings which do not have an owners' corporation or any form of owners'/residents' organizations, or do not engage a property management company.

Administration should provide one-off assistance to the owners therein to improve the hygiene conditions.

26. The Administration has advised that BMPASS has generally been well-received by the owners of the target buildings and relevant members of the community. They have considered that BMPASS has assisted owners of aged buildings in improving building management, living environment and building safety. The Administration has further advised that around 500 OCs have been formed/re-activated since the implementation of BMPASS in November 2011, and the number of "three-nil" buildings has decreased gradually over the years, from about 6 600 in mid-2011 to about 5 300 in March 2019.

27. As regards the support services provided by the Administration to assist owners of "three-nil" buildings in improving the environmental hygiene of their buildings, the Administration has advised that some District Offices have provided one-off cleaning services to some "three-nil" buildings under the "District-led Actions Scheme", with a view to demonstrating the effectiveness of good building management and incentivizing residents' participation in building management related activities. In 2018 and 2019, about 300 aged buildings have benefited from such one-off cleaning services.

Joint-Office for Investigation of Water Seepage Complaints

28. As advised by the Administration, the Joint-Office for Investigation of Water Seepage Complaints ("JO"), which is set up by the Food and Environmental Hygiene Department ("FEHD") and BD, is facing many challenges in recent years, including an upsurge of water seepage reports, difficulties in gaining co-operation from owners or occupants and limitations of testing technologies. In face of various challenges, JO is pressing ahead with various tasks, including arranging full use of new testing technologies to investigate water seepage cases in pilot districts to accumulate experience for gradual extension of their application to all districts in the territory, reviewing JO's operations in a comprehensive manner, setting up four regional joint offices to strengthen communication between staff of FEHD and BD and enhance work efficiency, as well as stepping up publicity and education.

29. Members are concerned that JO has only identified the source of water seepage in a small number of cases and, as a result, there are a large number of outstanding water seepage cases. They have urged the Administration to allocate additional resources to JO to handle water seepage cases. They have also requested JO to use new testing

technologies in the investigation of recurring water seepage cases and introduce measures to deal with water seepage cases involving sub-divided units. As regards the financial assistance provided by the Administration to facilitate building owners to carry out repair works to resolve water seepage problems, members suggested that the Administration should collect information on the number of water seepage cases handled by JO where financial assistance has subsequently been provided by the Administration to carry out repair works.

30. According to the Administration, given the complexity of some water seepage cases, there are currently around 7 000 outstanding cases. JO is now enhancing the Water Seepage Complaint Management System and will periodically generate management returns to facilitate more effective monitoring of follow-up actions of complicated water seepage cases. JO has used new testing technologies in identifying source of water seepage in suitable cases in pilot districts. For complicated cases in other districts which involve recurring water seepage, JO will consider using the new testing technologies in identifying source of water seepage depending on the circumstances of each case. JO will also enhance the efficiency of conventional testing methods in identifying the sources of water seepage problems in sub-divided units, e.g. using various colour dyes for identification of different testing locations.

Recommendations

31. The Joint Subcommittee recommends that URA/URF should:

Urban Renewal Strategy (Paragraphs 6 - 12)

- (a) develop underground space in Yau Mong Districts in order to provide more space and promote walkability;
- (b) set up a high-level task force comprising representatives from various government departments and URA to take forward the development of underground space in Yau Mong Districts with a view to strengthening collaboration among government departments and URA;
- (c) take into consideration the usage of footbridges in planning the redevelopment of Yau Mong Districts, thereby reducing pedestrian congestion on the ground;

- (d) make clear to the applicant organizations prior to the approval of the projects under the Funding Scheme that the activities of the approved projects should be free from political influence, and the information, in particular personal data, collected under the projects during the funding period should not be used in any political activity during and after the expiry of the funding period;

Technical and financial assistance for facilitating building maintenance and repair

(Paragraphs 15 - 17)

- (e) introduce measures to monitor the quality of service providers which are on URA's service providers reference list; and
- (f) appoint independent consultants to conduct audit checks on the quality of repair works conducted by contractors under the Smart Tender Scheme.

32. The Joint Subcommittee recommends that the Administration should:

Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme

(Paragraphs 18 - 21)

- (a) speed up the process of selecting target buildings under MBIS and MWIS;
- (b) take into account the conditions of aged buildings in selecting target buildings under MBIS;
- (c) strengthen publicity on MWIS and step up its enforcement action against non-compliance cases;
- (d) include in CoP the suggestion of installing cable bracings on windows, so as to prevent them from falling;
- (e) provide reference costs of the prescribed window inspection and repair works under the Platform's Cost Reference Centre;

Building management and support measures for aged buildings

(Paragraphs 22 - 27)

- (f) strengthen the manpower of and the training for LOs;

- (g) create a specialized stream on building management for the LO grade with a view to providing professional advice and assistance to owners and OCs in a timely manner;
- (h) collect statistics on the total number of beneficiaries of its support measures for owners of aged buildings so as to facilitate future planning;
- (i) provide more incentives to encourage owners of "three-nil" buildings to form OCs, and roll out more pilot schemes to demonstrate the benefits of forming OCs;
- (j) provide one-off assistance to the owners of "three-nil" buildings to improve the hygiene conditions of their buildings;

Joint-Office for Investigation of Water Seepage Complaints
(Paragraphs 28 - 30)

- (k) allocate additional resources to JO to handle water seepage cases;
- (l) use new testing technologies in the investigation of recurring water seepage cases and introduce measures to deal with water seepage cases involving sub-divided units; and
- (m) collect information on the number of water seepage cases handled by JO where financial assistance has subsequently been provided by the Administration to carry out repair works to alleviate the water seepage problems.

Advice sought

33. Members are invited to note the work and support the recommendations of the Joint Subcommittee.

Panel on Development and Panel on Home Affairs

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

Terms of Reference

To study and follow up the issues relating to the redevelopment, maintenance and management of aged buildings (including but not limited to redevelopment, building structure and fire safety of aged buildings, the handling of problems of water seepage and signboards on external walls of aged buildings and the formation of owners' corporations and building management, etc.) and make timely recommendations.

Appendix II

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

Membership list*

Chairman	Hon LAU Kwok-fan, MH
Deputy Chairman	Hon KWOK Wai-keung, JP
Members	Hon Abraham SHEK Lai-him, GBS, JP Hon Paul TSE Wai-chun, JP Hon CHAN Han-pan, BBS, JP Ir Dr Hon LO Wai-kwok, SBS, MH, JP Hon Andrew WAN Siu-kin Hon CHU Hoi-dick Dr Hon Junius HO Kwan-yiu, JP Hon LAM Cheuk-ting Hon Wilson OR Chong-shing, MH Hon CHEUNG Kwok-kwan, JP Hon Jeremy TAM Man-ho Hon Vincent CHENG Wing-shun, MH, JP
	(Total : 14 members)
Clerk	Ms Wendy JAN
Legal adviser	Miss Evelyn LEE

* Changes in membership are shown in Annex to Appendix II.

Annex to Appendix II

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

Changes in membership

Member	Relevant date
Dr Hon Junius HO Kwan-yiu, JP	Since 22 March 2019
Hon Tommy CHEUNG Yu-yan, GBS, JP	Up to 19 November 2019
Hon Claudia MO	Up to 19 November 2019
Hon LEUNG Che-cheung, SBS, MH, JP	Up to 19 November 2019
Hon SHIU Ka-chun	Up to 19 November 2019
Hon YUNG Hoi-yan, JP	Up to 19 November 2019
Hon Tanya CHAN	Up to 19 November 2019
Hon Tony TSE Wai-chuen, BBS	Up to 19 November 2019