

# LCQ12: Providing support for owners of "three-nil buildings"

Following is a question by the Hon Stanley Ng and a written reply by the Secretary for Home and Youth Affairs, Miss Alice Mak, in the Legislative Council today (January 17):

Question:

It has been reported that as at December 2022, there were 2 943 "three-nil buildings" in Hong Kong. As these buildings do not have owners' corporations ("OCs") or any form of residents' organisations, or have not engaged property management companies, there are often problems in respect of hygiene, fire safety and external wall structure, resulting in a deplorable living environment for the residents and posing potential hazards to the community. In this connection, will the Government inform this Council:

(1) of the number of building management cases involving "three-nil buildings" in each of the past three years resolved through government intervention (e.g. with the Government carrying out the default works for the building owners concerned);

(2) of the number of "three-nil buildings" that have formed or reactivated "OCs" with the assistance provided under the Building Management Professional Advisory Service Scheme ("BMPASS"); whether it has assessed the effectiveness of BMPASS in providing support for owners of three-nil buildings;

(3) of the current number of participants in the Resident Liaison Ambassador Scheme; whether it has reviewed the effectiveness of the Scheme (including whether the objective of assisting in the engagement of residents in handling building management matters (such as cleanliness, security and fire safety) can be achieved); and

(4) whether it has assessed the effectiveness of the Community Care Fund – Subsidy for Owners' Corporations of Old Buildings and the Urban Renewal Authority's District-based Building Rehabilitation Pilot Scheme in providing support for owners of "three-nil buildings" in the past six months; whether the Government will consider launching more schemes on building maintenance to provide support for them?

Reply:

President,

"Three-nil buildings" generally refer to buildings that neither have an owners' corporation ("OCs") or any form of residents' organisation, nor employ a property management company ("PMC") to manage the buildings. The Government has been providing various support to "three-nil buildings". The

policy of the Home Affairs Department (HAD) is to assist and encourage the formation of residents' organisations (including OCs) in "three-nil buildings". Even if "three-nil buildings" cannot form any residents' organisation for various reasons, HAD continues to provide support to the owners concerned to help them manage their buildings properly. Having consulted the Development Bureau (DEVB), the reply to the questions raised by the Hon Stanley Ng is as follows:

(1) and (2) HAD launched three phases of the Building Management Professional Advisory Service Scheme ("BMPASS") from 2011 to 2020. Experienced PMCs were engaged to provide a series of free professional advice and follow-up services on building management, including assisting in the formation of OCs or assisting defunct OCs in resuming operation, assisting OC in applying for various maintenance subsidies and loan schemes, and following up on building inspections/window inspections, maintenance works and tendering, etc. The three phases of the BMPASS assisted in forming/resuming operation of 540 OCs. In view of the effectiveness of the BMPASS, the HAD has regularised it.

With reference to the earlier recommendations of the Public Accounts Committee ("PAC") of the Legislative Council, HAD engaged community organisations/non-governmental organisations ("NGOs") with experiences in building management or related fields to reach out to the owners of "three-nil buildings", and to encourage and assist them to form OCs under the regularised BMPASS. The scheme was first launched in June 2022, and gradually extended to cover nine districts with more "three-nil buildings" (i.e. Sham Shui Po, Tsuen Wan, Central and Western District, Eastern District, Wan Chai, Yau Tsim Mong, North District, Tai Po and Kowloon City). As of December 2023, the Pilot Scheme contacted a total of 580 "three-nil buildings" and assisted in forming 70 OCs. The scheme has achieved good results, indicating that the participation of community organisations/NGOs has helped reach out to the owners of "three-nil buildings". HAD will therefore consider entering into service agreements of a longer term with community organisations/NGOs (e.g. by extending the contract period from currently one year to three years) to ensure the continuity of the services, so that buildings and owners in need will enjoy better support.

Besides, according to the information provided by DEVB, in the past three years, the Buildings Department (BD) has exercised its statutory power to carry out building investigation, repair and removal works for 144 "three-nil buildings" as required by statutory orders involving common parts of buildings in the owners' default, and to recover the relevant costs from them after completion. In addition, BD has also proactively selected 504 "three-nil buildings" as Category 2 buildings of Operation Building Bright 2.0 ("OBB 2.0") based on risk-based approach, and carried out the required prescribed inspection and repair for the common parts of the buildings under the Mandatory Building Inspection and Mandatory Window Inspection Schemes on behalf of the owners. The relevant costs will be recovered from them after completion. Eligible owners can apply for OBB 2.0 subsidies to cover all or part of the costs.

(3) Despite our continuous support and assistance, some "three-nil buildings"

may not be able to form OC due to various reasons. Nevertheless, HAD remains committed to providing support to these buildings. HAD has put in place the Resident Liaison Ambassador Scheme to recruit owners or residents living in "three-nil buildings" aged 30 years or above as Resident Liaison Ambassadors ("RLAs"). The scheme aims to establish a resident liaison network to facilitate residents' discussion and handling of daily building management matters, and to assist Government departments in contacting residents and promoting effective building management messages. As of December 2023, HAD has assisted in the formation of about 600 OCs through RLAs, and there are around 2 000 RLAs residing in "three-nil buildings".

The RLAs play a positive role in facilitating resident liaison. HAD will continue to actively promote good building management through the RLAs and organise regular activities for them. This will enable owners to appreciate the benefits of good building management, thereby encouraging them to form OCs.

As of December 2023, there were about 3 100 "three-nil buildings" (excluding those single-owned and self-managed "three-nil buildings") in Hong Kong. In fact, with the continuous promotion of effective building management and related support measures, the number of "three-nil buildings" has significantly decreased from the corresponding figure of about 6 700 in 2011.

(4) The Community Care Fund ("CCF") launched a programme in three phases from 2012 to 2021 to provide subsidies to eligible OCs of old buildings for specified items, including procurement of public liability insurance or third party risks insurance for the common parts of the buildings, regular inspections of fire service installations and equipment or electrical installations, examination of lifts, and clearance of fire escapes, etc. Cumulatively, about 3 500 OCs benefited from the three phases of the programme, with a total subsidy of \$64 million. The programme was not applicable to "three-nil buildings".

Upon review, the Commission on Poverty ("CoP") considered that the Government had already provided a wide range of financial support for building maintenance, as well as practical support in various aspects of building management, including legal and other advisory services, dispute resolution, education and training, etc. Considering that building management is the responsibility of owners, the CoP concluded that the recurrent expenditure of OCs of old buildings should not be subsidised on an ongoing basis through the CCF or other means, and thus the programme ended upon completion of the Phase III.

Besides, according to the information provided by DEVB, since 2018, the Government has allocated over \$19 billion to roll out various subsidy schemes relating to building safety and rehabilitation in partnership with the Urban Renewal Authority (URA), including OBB 2.0, the Fire Safety Improvement Works Subsidy Scheme, the Lift Modernisation Subsidy Scheme, the Building Maintenance Grant Scheme for Needy Owners and the Building Drainage System Repair Subsidy Scheme to assist needy owners to maintain their properties.

Understanding the constraints faced by the owners of "three-nil buildings" in forming OCs, the URA now also accepts applications for building rehabilitation subsidy schemes from owners of these "three-nil buildings", provided that the unanimous consent of all owners is obtained. For those "three-nil buildings" which are unable to obtain the unanimous consent of all owners, the URA would provide free legal services to assist owners in understanding whether the provisions relating to rehabilitation in their Deed of Mutual Covenant allow owners to carry out repair and improvement works in common areas of the buildings through the effective resolutions passed in owners' meetings.

In 2022, the URA took forward the urban renewal project in "Lung Shing" area of Kowloon City with an "integrated approach" for the first time. A small focus area from Nam Kok Road to Tak Ku Ling Road, covering around 40 buildings without the imminent need for redevelopment, was mapped out for a three-year District-based Rehabilitation Pilot Scheme ("pilot scheme"). Through providing financial subsidies and technical support to the owners, the URA encourages and assists the owners to repair and maintain their buildings in a timely manner.

Through the pilot scheme, the URA encourages and assists owners of "three-nil buildings" to form OCs. The URA also implements innovative management models such as the Joint Property Management ("JPM"), hoping that the experience gained can encourage the property management industry to provide joint management services for aged building clusters, so that aged buildings with only a dozen or so of units can also obtain property management services at affordable fees, thereby enhancing their building maintenance capabilities.

Out of the buildings covered in the pilot scheme, there were nine "three-nil buildings" which were unable to form OCs over the past decades. The URA proactively provided support to the owners of these buildings through collaboration with the local community partners as well as HAD, with the aims to encourage the formation of OCs. Three out of the nine "three-nil buildings" have successfully formed OCs and commenced preparatory work for building rehabilitation, and four intend to join the JPM. Moreover, a total of 14 buildings have joined OBB 2.0 or other building rehabilitation subsidy schemes to carry out maintenance work either by themselves or through government contractors.

Timely and proper maintenance of buildings is after all the basic responsibility of owners. As to whether more building maintenance subsidy schemes can be introduced, since the use of public funds to subsidise maintenance works in private properties will be involved, the Government has to carefully consider the pros and cons. The Government will formulate measures in the light of the latest situation, including factors such as financial resources.