

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

Following is a question by Dr Hon Priscilla Leung and a written reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (January 15):

Question:

It is learnt that currently quite a number of buildings which do not have owners' corporations (OCs) or any form of residents' organizations, or have not engaged property management companies (PMCs) (commonly known as "three-nil buildings") are plagued by poor building management, which has given rise to problems in respect of hygiene, security, fire safety, building maintenance, etc., thus making it difficult for the residents concerned to live in peace. In this connection, will the Government inform this Council:

- (1) whether it knows the current number of three-nil buildings in the territory, with a breakdown by District Council (DC) district;
- (2) of the respective numbers of OCs formed and re-activated with the assistance provided by the Building Management Professional Advisory Service Scheme (BMPASS) since its implementation by the Home Affairs Department (HAD) in 2011, with a breakdown by DC district;
- (3) whether HAD reviewed, in the past six months, the effectiveness of the implementation of (i) BMPASS and (ii) the Resident Liaison Ambassador Scheme; if so, of the outcome of the review; if not, the reasons for that;
- (4) whether it will consider introducing a pilot scheme on joint building management to engage PMCs to (i) provide property management services for multiple adjoining three-nil buildings and (ii) assist the owners of such buildings in forming or re-activating OCs, within a specified timeframe; if so, of the details; if not, the reasons for that; and
- (5) whether it will, by making reference to the Operation Building Bright and the Lift Modernisation Subsidy Scheme, provide financial assistance to the owners of three-nil buildings to help them solve problems in respect of hygiene, security, etc., arising from poor building management?

Reply:

President,

My reply to the five parts of the question raised by Dr Hon Leung is as follows:

- (1) "Three-nil" buildings refer to buildings which do not have owners'

corporations (OCs) or any form of residents' organisations, or do not engage property management companies (PMCs). As at October 2019, there were around 5 300 "three-nil" buildings in Hong Kong. The number of "three-nil" buildings by District Council (DC) district is at Annex 1.

(2)-(3) Effective building management could be difficult for "three-nil" buildings, as owners and residents lack the platform to discuss and handle issues of common concern. For "three-nil" buildings which are relatively aged, the lack of proper management and maintenance may lead to building dilapidation, which may also have implications on building and public safety.

In view of this, the Home Affairs Department (HAD) launched the Building Management Professional Advisory Service Scheme (BMPASS) and the Resident Liaison Ambassadors Scheme (RLA Scheme) in November 2011 to provide support services for "three-nil" buildings.

The BMPASS is now in its third phase (from April 2017 to March 2020). Under the BMPASS, PMCs are commissioned by HAD to provide owners of eligible aged buildings (i.e. residential or composite building aged 30 years or above; the annual average rateable value of the residential units therein does not exceed the specified limits; and the common parts of the building are in disrepair or dilapidated condition requiring maintenance or repair), in particular those in "three-nil" buildings, with a range of free professional advisory and follow-up services on building management. The scope of services include facilitating the formation or re-activation of OCs, assisting in the recruitment of Resident Liaison Ambassadors (RLAs), attending OC meetings to provide professional advice and secretarial support, assisting OCs in applying for various subsidy schemes and loans for maintenance works, assisting OCs in the procurement of third party risks insurance, providing training on building management, etc. Through the above services, the PMCs help owners overcome the hurdles of initial start-up and co-ordination, so that owners can be progressively trained to take up the management responsibilities.

The RLA Scheme seeks to establish a resident liaison network for promoting the message of effective building management by recruiting owners or tenants who live in "three-nil" buildings of 30 years or above as RLAs. RLAs will assist in engaging residents to discuss and handle daily building management matters (such as cleanliness, security, fire safety, etc. of the building) and encouraging residents to share their experience and knowledge in building management. RLAs will also assist government departments in contacting residents to disseminate messages on building management-related matters.

Since the launch of the BMPASS, the PMCs has reached out to about 3 800 buildings (involving 58 000 units) and successfully made around 18 000 household visits, encompassing all eligible "three-nil" buildings under the scheme. The key results of the BMPASS are summarised as follows:

	As at October 2019
Number of OCs formed/re-activated	530
Number of buildings with assistance provided to apply for maintenance loan/subsidy	341
Number of buildings with assistance provided to appoint consultants/contractors for maintenance works	207
Number of buildings with assistance provided to procure third party risks insurance	297
Number of RLAs recruited	About 2 700

The numbers of OCs formed/re-activated by DC district is at Annex 2.

As for the RLA Scheme, since its inception, over 4 000 RLAs have been recruited, and 474 OCs were formed with RLAs' involvement as at October 2019.

With the continuing efforts in promoting better building management and the support measures mentioned above, the number of "three-nil" buildings has decreased gradually over the years, from about 6 600 in mid-2011 to about 5 300 in October 2019. Noting that the BMPASS has been well-received by the owners of the target buildings and relevant members of the community, who consider that the scheme has assisted owners of aged buildings in improving building management, living environment and building safety, as stated in the 2019 Policy Address Supplement, we will regularise the BMPASS. We will also continue to implement the RLA Scheme, so as to provide continuing support to owners of "three-nil" buildings and aged buildings.

(4) The daily management of a building encompasses different aspects, including common ones such as environmental hygiene, building security, maintenance of common facilities, etc. The arrangements and costs involved should be discussed among the building's owners and handled in accordance with provisions of the Deed of Mutual Covenant (DMC). If decisions are instead made by PMCs engaged by the Government, it would go against the principle that private owners should be responsible for managing and maintaining their own buildings, and may also lead to unnecessary disputes or even lawsuits.

Furthermore, apart from specifying the common parts of a building, the parts for exclusive use of individual owners and the undivided shares of each flat, the DMC of a building also sets out the detailed requirements and guidelines on various building management matters. The DMC of a building is a private contract drawn up according to the specific circumstances of that building. Since different buildings have their own DMCs, the obligations and rights of owners as set out in those DMCs also differ.

Hence, any scheme on "joint building management" must be discussed and unanimously agreed among all owners of the relevant buildings before

implementation. Considering the actual circumstances of "three-nil" buildings, it may not be practicable to manage them by way of "joint building management" in the absence of any residents' organisations to rationalise the handling of management issues arising from the provisions of the DMCs of different buildings. Even if the PMCs engaged by the Government would provide centralised property management services for adjoining "three-nil" buildings, it would remain incapable of resolving the fundamental issue of the need for discussion and agreement among owners of the relevant buildings due to the variation in owners' obligations and rights across the different DMCs.

As for assistance to owners in forming or re-activating OCs, as mentioned above, the PMCs under the BMPASS have been providing assistance through household visits, recruitment of RLAs, etc. We will continue to assist owners of "three-nil" buildings in forming OCs through the BMPASS and the RLA Scheme.

(5) In terms of financial support, according to the Development Bureau, the Operation Building Bright 2.0 provides financial and technical support to owner-occupiers of eligible buildings, so as to assist them in carrying out the inspection and repair works prescribed under the Mandatory Building Inspection Scheme. The Lift Modernisation Subsidy Scheme promotes lift modernisation in the community through the provision of financial incentive with appropriate professional support to owners of eligible buildings. The primary objective of the above schemes is to encourage owners to conduct the relevant building maintenance works and lift modernisation through subsidy schemes, thereby safeguarding public safety. The schemes are applicable to eligible buildings and are not targeted at "three-nil" buildings.

As for "three-nil" buildings, the PMCs commissioned under the BMPASS have been assisting OCs in applying for various subsidy schemes and loans for maintenance works, including the Operation Building Bright 2.0 and the Lift Modernisation Subsidy Scheme, with a view to encouraging "three-nil" buildings to form OCs.

In addition, HAD has been providing subsidies through the Community Care Fund-Subsidy for Owners' Corporations of Old Buildings to relieve the burden relating to the daily operating expenses of the OCs of aged buildings, and to help such OCs comply with the relevant legislative requirements. This also serves to encourage owners of "three-nil" buildings to form OCs. Depending on the conditions and needs of "three-nil" buildings, some District Offices also provide assistance such as one-off cleaning service through the District-led Actions Scheme, with a view to demonstrating the effectiveness of good building management and incentivising residents' participation in building management.