

LCQ16: Subsidy schemes on building safety and rehabilitation

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (December 11):

Question:

In October this year, the Government announced that an additional funding of a total of \$10.5 billion would be provided for four subsidy schemes (i.e. the Operation Building Bright 2.0, the Building Maintenance Grant Scheme for Elderly Owners, the Lift Modernisation Subsidy Scheme and the Fire Safety Improvement Works Subsidy Scheme) to help more owners in need to properly maintain and repair their buildings. In this connection, will the Government inform this Council:

(1) whether it knows the following details of each of the subsidy schemes since their implementation: (i) the respective numbers of applications received and approved, (ii) the number of buildings benefited, (iii) the average time taken for the vetting and approval of each approved application, and (iv) the total amount of subsidies granted so far (set out in a table);

(2) given that some members of the construction industry are concerned about whether the Urban Renewal Authority and the Hong Kong Housing Society, which are tasked with implementing the subsidy schemes, have sufficient manpower to process and follow up the relevant applications, whether the Government knows if such institutions will, in the coming year, (i) increase manpower and (ii) draw up performance pledges on the time to be taken for vetting and approval of applications;

(3) given that some buildings lack an owners' corporation to take charge of the co-ordination work on applying for the subsidy schemes, and that quite a number of owners have indicated that they are unfamiliar with the details of such schemes, of the new measures put in place to encourage the owners concerned to lodge applications, and to provide them with the assistance they need; and

(4) whether it has assessed if there are sufficient qualified contractors and workers on the market to carry out building safety and rehabilitation works under the subsidy schemes, as well as the new measures put in place to handle the situation of a mismatch between manpower and skills?

Reply:

President,

Timely and proper building maintenance is the primary responsibility of property owners. That said, some owners, in particular those residing in aged

"three-nil" buildings (Note 1), may lack the technical knowledge or financial means in fulfilling the responsibility. Therefore, the Government has rolled out various subsidy schemes relating to building safety and rehabilitation to assist needy owners according to schemes' respective objectives. The Government has also announced on October 11, 2019 to inject additional funding into and enhance four existing subsidy schemes.

My reply to the question raised by Hon Tony Tse is as follows:

(1) As at November 2019, the approximate number of applications received and approved, number of beneficiary buildings or lifts involved, and amount of subsidy approved under the relevant schemes are set out in the table below:

	Number of applications received	Number of applications approved	Number of buildings or lifts involved in approved applications	Subsidy approved
Operation Building Bright 2.0 (OBB 2.0)	650	580	480 buildings (Note 2)	Nil (Note 3)
Lift Modernisation Subsidy Scheme (LIMSS)	1 200	610	1 400 lifts (Note 4)	Nil (Note 3)
Fire Safety Improvement Works Subsidy Scheme (FSIWSS)	2 570	1 930	1 950 buildings	Nil (Note 3)
Building Maintenance Grant Scheme for Elderly Owners (BMGSEO)	35 000	27 100	Not applicable (Note 5)	\$690 million (Note 6)

As regards the vetting time, the first round of applications for OBB 2.0, FSIWSS and LIMSS had already closed. The Urban Renewal Authority (URA) had initially vetted the applications and written to applicants informing them of the results and the priorities. The URA will approach the applicants according to their priority and assist them in organising and undertaking the works.

Hong Kong Housing Society (HKHS) is the Government's partner of BMGSEO (note 8). Generally speaking, the grants can be released within two months upon receipt of all documents from and completion of required formalities by the applicants.

(2) The URA and the HKHS are responsible for the manpower needed for implementing the above four schemes under their charge. Both the URA and the HKHS indicate that on current showing they have sufficient manpower and financial resources to cope with applications made under the schemes. They will also review the situation from time to time to adjust relevant staffing arrangements timely. The time required for processing applications under the

schemes would depend on factors such as whether the applicants have submitted relevant information timely and in a complete manner, and whether relevant procedures are completed on time; it is difficult to generalise the processing time required. The Government, the URA and the HKHS will pay close attention to the processing time and consider the need to set a suitable and feasible target processing time as needed.

(3) To enhance support for owners of aged buildings, the Home Affairs Department has implemented the Building Management Professional Advisory Service Scheme. Property management companies were commissioned to provide owners of aged buildings in need, in particular those of "three-nil" buildings, with a range of free professional advisory and follow-up services on building management, including assistance in formation of owners' corporation (OC), applying for relevant subsidies, and following up relevant tendering matters.

For OBB 2.0, FSIWSS and LIMSS, to assist owners of "three-nil" buildings in organising building repair works for participating in the three schemes, the URA has appointed a legal adviser to assist relevant owners to check the Deed of Mutual Covenant (DMC) of their buildings with a view to understanding whether or not the owners may, without an OC, pass a valid resolution at owners' meeting to resolve the carrying out of repair and improvement works at the common parts of the building based on the relevant clauses of the DMC.

Furthermore, to assist those eligible buildings wishing to form OCs and join the above three schemes in the capacity of OC, noting that OC formation often takes time, the URA has made special arrangement when handling such applications. Namely, these owners are allowed to submit only proof demonstrating their consensus to join the schemes before the application deadline, and to supplement relevant OC meeting documents before a specified time after the application deadline. The URA has also partnered with non-government-organisations (NGOs) in different districts to introduce these three schemes to owners of the target buildings in the district and assist them in making applications. In addition, to encourage owners to organise OC for carrying out the works under the above three schemes, the URA has from its resources set up a subsidy of \$3,000 to buildings successfully forming an OC to cover the cost for OC formation.

(4) The Government in partnership with the URA will process the eligible applications of OBB 2.0, FSIWSS and LIMSS in phases to avoid jacking up construction prices due to an upsurge in new works demand concurrently.

Currently, there are about 1 600 authorised persons, 440 registered structural engineers, 750 registered general building contractors and over 18 000 registered minor works contractors under the Buildings Ordinance, as well as about 860 registered fire service installation contractors. The manpower should be sufficient in providing various services on building and fire services improvement works necessary for OBB 2.0, FSIWSS, and BMGSE0.

We have also in conjunction with the Construction Industry Council (CIC) preliminarily reviewed labour supply. No significant shortage in workers'

supply is envisaged noting the outlook of private market which is affected by the downward pressure on economy. Nevertheless, the Government will closely monitor the market supply in conjunction with the CIC and will step up workers' training as needed.

For LIMSS, there are at present 41 registered lift contractors in the market, which should suffice in taking up the additional works arising from LIMSS. We estimate that the lift industry would need about 360 more lift workers in the coming six years. We have collaborated with the CIC to arrange suitable training schemes to attract new blood to join the lift industry thereby strengthening the workforce of the industry to handle the additional modernisation works.

Note 1: Viz. buildings which do not have an owners' corporation or residents' organisations, or having engaged any property management company.

Note 2: As application under OBB 2.0 is made on the basis of Deed of Mutual Covenant (DMC), and some buildings have more than one DMC to determine owners' rights and responsibilities; the number of applications is therefore greater than the number of buildings involved. In addition to the some 480 buildings approved as Category 1 buildings, the Buildings Department (BD) has also selected about 310 buildings as Category 2 buildings (note 7).

Note 3: Subsidy of the schemes will be released to the owners in accordance with the progress of actual works done. As the schemes only accepted applications in or after July 2018, and that the relevant works concern common parts of the buildings for which owners always need time to co-ordinate, subsidy under the schemes has yet been released to the owners as of end November 2019. The URA as the partner of the Government for the schemes will release relevant subsidy upon completion of required procedures.

Note 4: Granting of subsidies under the scheme is lift-based (not building-based).

Note 5: Applications are individual-based (not building-based).

Note 6: Including amount of grant released and committed to be released for the approved applications.

Note 7: Category 1 buildings cover those whose owners are prepared to take up the organisation of the prescribed inspection and repair works for at least the common parts of their buildings with a view to complying with the Mandatory Building Inspection Scheme (MBIS) requirements. Category 2 buildings cover those which have outstanding MBIS notice(s) but the owners concerned have difficulties in co-ordinating the prescribed inspection and repair works for the common parts of the buildings. The BD will select Category 2 buildings proactively on risk basis for exercising BD's statutory power to hire consultants and contractors to carry out the required works in default of the owners concerned, and recover the costs incurred from the owners. Eligible owners may seek to cover all or part of the costs incurred by claiming subsidies available to them under OBB 2.0.

Note 8: The Government announced in October 2019 its plan to enhance the BMGSEO, and rechristen it as "Building Maintenance Grant Scheme for Needy Owners". The URA will partner with the Government to implement the new scheme.