



THE HONG KONG INSTITUTE OF
SURVEYORS

7 February 2005

The Honourable TUNG Chee Hwa
The Chief Executive of the
Hong Kong Special Administrative Region of the
People's Republic of China
Chief Executive's Office
5/F Main Wing, Central Government Offices
Lower Albert Road
Hong Kong

Dear Mr TUNG

On behalf of The Hong Kong Institute of Surveyors, I would like to submit our views and comments on the 2005 Policy Address for your consideration.

With a gradual recovery of the economy and the increased interest and demand in real estate ownership and investment for domestic occupation as well as for business establishment or expansion, the supply side in terms of land supply and construction of planned developments should be reviewed from time to time to ensure that the demand and supply balance is kept at a reasonable level. This would echo the measures for the improvement to the business environment as stipulated in paragraph 61 in part C of the Policy Address.

We welcome the new initiatives to promote the maintenance of old buildings by way of the Assisted Building Management and Maintenance Scheme for which our specific comments are enclosed in a paper herewith.

Should you wish to have further information, please contact our Secretary-General, Mr Gordon Ng at 2526 3679.

Your sincerely

T T Cheung
President (2004-05)

Encl.



Comments on the 2005 Policy Address by The Chief Executive

Promotion of Building Maintenance

The promotion of building maintenance in the society at large and particularly the owners of the older buildings are always supported by the Institute. We believe the Hong Kong Housing Society's proposal of setting up a "one-stop" Assisted Building Management and Maintenance Scheme (the Scheme) would certainly be able to help promoting the awareness of the building owners on building maintenance. However, the government and the Housing Society should seriously consider the following issues when formulating the details of the implementation in order to make the Scheme meaningful and successful:

- i) The objective of the Scheme should be clearly set out so as not to cause any potential overlapping with the Building Safety Improvement Loan Scheme (BSILS) administrated by the Buildings Department and the Building Rehabilitation Loan Scheme administrated by the Urban Renewal Authority. To avoid creating confusion on the part of the potential applicants as well as to reduce administration cost, the government should consider amalgamating the alike loan schemes under one administration.
- ii) It also needs to clarify whether the owners receiving subsidies under the BSILS may also be eligible for applying this grant. It is anticipated that most of the applicants to the Scheme would also find the BSILS important to them.
- iii) It is noted the Scheme intends to provide loan assistance to the owners in carrying out repair inside their properties. This is an advanced approach compared to the current assistance provided by the BSILS. However, judging from the result of the BSILS, which has only approved around 9,000 cases over more than 6 years since its implementation, the incentive by way of loan subsidy to encourage owners of old building to carry out internal repair may need to be reviewed later. If circumstances so justified, consideration should be given to extend the grant to cover internal repair subject to certain criteria.
- iv) In regard to the grant allowance for the common areas repair and improvement, only 10% of the repair cost or a maximum of HK\$3,000 is allowed for each unit. In view of the current cost level of a typical old building repair project, a unit may easily be required to share a sum of up to HK\$30,000 for the common area repair. The HK\$3,000 grant may be difficult to genuinely motivate the owners to initiate the building repair on their own. Therefore, the effectiveness of this grant provision should be reviewed later.



Besides, it is noted that the Housing Society will set up Property Management Advisory Centres (PMAC) in six districts while there are already Building Management Resource Centre (BMRC) operated by the HAD in three of these districts already. Although the PMACs will offer enhanced scope of services when compared with the BMRCs, they may coordinate with BMRCs to ensure best use of resources.

We understand that the Scheme will be reviewed in two years' time.

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