

**Community Care Fund
Subsidy for Owners' Corporations of Old Buildings
(Phase III Programme)
Mid-term Evaluation Report**

Purpose

This paper aims to report on the mid-term evaluation of the Phase III Programme of Subsidy for Owners' Corporations of Old Buildings (the Phase III Programme) launched under the Community Care Fund (CCF) in October 2018 for a period of three years.

Background

2. To strengthen the support for owners' corporations (OCs) of old buildings with low rateable values and to enhance building management, the former Steering Committee on the CCF endorsed in May 2012 the provision of subsidy for the OCs concerned on a pilot basis for a period of three years. The pilot programme was implemented by the Home Affairs Department (HAD) from 1 October 2012 to 30 September 2015 with a budget of \$67.2 million (including \$3.2 million for administrative costs), while the Phase II Programme was implemented from 1 October 2015 to 30 September 2018. The Commission on Poverty (CoP) endorsed the implementation of the Phase III Programme in June 2018 with two enhancement measures, including (i) raising the limit on the average rateable value per annum of residential units, and (ii) raising the maximum amount of total subsidy in the implementation period for each OC, so as to benefit more OCs in need.

Programme Overview

3. The Phase III Programme was implemented from 1 October 2018 to 30 September 2021 for a period of three years. During the three-year implementation period, each eligible OC may apply for subsidy on an accountable basis in respect of specified items for a maximum of five times and up to 50% of the actual expenses. The maximum total amount of subsidy for each eligible OC is \$24,000. The specified items are as follows:

- (a) fees for the registration or filing of any documents with the Land Registry;
- (b) expenses on the procurement of public liability insurance or third party risks insurance for the common parts of the buildings;
- (c) expenses on the regular inspections of fire service and electrical installations;
- (d) expenses on the examination of lifts; and
- (e) expenses on the annual clearance of fire escapes.

4. The target beneficiaries are OCs of residential or composite (commercial/residential use) buildings aged 30 years or above. The average rateable value per residential unit of the buildings in urban areas (including Sha Tin, Kwai Tsing and Tsuen Wan) shall not exceed \$162,000 per annum, while that for the buildings in the New Territories should not exceed \$124,000 per annum.

5. The approved budget for the Phase III Programme is the unspent amount (about \$25.27 million, excluding administrative costs) of the original approved provision of \$67.2 million. The estimated number of eligible OCs is about 5 000, of which 50% (about 2 500 OCs) are expected to apply for the subsidy.

Implementation of Phase III Programme

6. The central office of the HAD continues to undertake the implementation work under the Phase III Programme, including formulation of publicity and promotion strategies, production of publicity posters, preparation of application forms, reference guide and guidelines, handling of enquiries from OCs and the public, as well as processing and approval of applications.

7. The HAD and its District Offices promote the Phase III Programme to the public and eligible OCs through various channels, including the issue of invitation letters (with application forms and the reference guide enclosed) to all eligible OCs (about 5 000 OCs), and carrying out extensive publicity through the HAD's dedicated website on building management, telephone calls and daily liaison, etc. The professional property management companies commissioned by the HAD for implementing the Building Management Professional Advisory Service Scheme and the Owners' Corporations Advisory Services Scheme also encourage and assist eligible OCs in submitting applications.

8. A total of 1 291 telephone enquiries on the details of the Phase III Programme and 1 431 applications (involving 1 190 OCs) were received as at the end of June 2020. Among the applications, 1 107 approved (detailed analysis in paragraphs 10 and 11 below), involving subsidy of some \$6.84 million. 87 applications did not meet the eligibility criteria¹ while the remaining 237 were being processed. The experience of the first two phases of the Programme shows that many OCs tend to submit their applications when the Programme was drawing to a close. We will continue to promote the Phase III Programme through various channels, explain the programme details to eligible OCs that have not submitted their applications, and encourage them to do so as soon as possible. The amount of subsidy granted is

¹ Reasons for not meeting the eligibility criteria include: (a) the items applied for were not covered by the Phase III Programme; (b) the applicants failed to provide relevant receipts or documentary proof (e.g. copies of certificates of fire service installations and equipment); or (c) the dates of receipts for expenses did not fall within the implementation period of the Phase III Programme.

expected to be closer to the budget ceiling of \$25.27 million by the conclusion of the Phase III Programme in September 2021.

Mid-term Evaluation

9. The HAD has conducted a mid-term evaluation of the Phase III Programme (as at the end of June 2020) to assess and analyse the effectiveness of the Programme so far.

I. Number of Applications and Cases Approved

10. The 1 431 applications received came from 18 districts across the territory, with higher number of applications from districts with more old buildings such as Yau Tsim Mong District (303 or 21.2%), Sham Shui Po District (190 or 13.3%), Central and Western District (160 or 11.2%) and Kowloon City District (160 or 11.2%).

11. The 1 107 approved applications involved 941 OCs with an average subsidy of \$7,264² for each OC. Among the items of subsidy, the subsidy for the procurement of public liability insurance and third party risks insurance had the highest number of applications of 1 029 cases, with some \$4.27 million granted.

II. Beneficiary OCs/Persons

12. For programme evaluation and planning purposes, the HAD has invited the OCs to complete questionnaires when making the first disbursement. As at the end of June 2020, 366 out of 941 questionnaires issued were received, with a response rate of 38.9%. Analysis of the statistical results shows that the majority of the buildings served by the OCs were owner-occupied (61.4%). In terms of the age profile of the residents, the majority aged between 40 and 64 (45.9%), followed by those who were 65 or above (29.7%). In terms of employment status, 62.3% of the residents were employed, while 37.7% were retired or unemployed. In terms of total monthly household income, over 50% (52.0%) were \$15,000 or less with almost 20% (18.6%) being less than \$10,000. As OCs are formed by owners, the data show that many beneficiaries of the Phase III Programme were elderly people or those with less financial means.

III. Views of OCs on Phase III Programme

13. The HAD has randomly selected 100 OCs (about 10.6%) among those granted with subsidy for a telephone survey on the Phase III Programme. A total of 91.0% of the respondents strongly agreed or agreed that the Phase III Programme had alleviated their financial burden, and 78.0% were very satisfied or satisfied with the vetting and funding arrangements.

² About 30% of the maximum total subsidy amount of \$24,000 for each eligible OC.

Observations

14. The HAD has the following observations from the application process, results of the questionnaire survey as well as practical experience in implementing the Phase III Programme:

(a) Phase III Programme has helped alleviate the financial burden on OCs

- According to the results of the random telephone survey, over 90% of the respondent OCs indicated that the subsidy of the Phase III Programme had improved their financial position, and agreed that raising the total subsidy amount from \$20,000 to \$24,000 had effectively helped alleviate their financial burden.

(b) Phase III Programme has been operating smoothly

- Results of the random telephone survey also showed that almost 80% of the respondent OCs were satisfied with the vetting and funding arrangements of the Phase III Programme.

(c) Amount of subsidy approved was relatively low

- As at the end of June 2020, a total of \$6.84 million was disbursed, accounting for 27% of the approved budget of \$25.27 million. As mentioned in paragraph 8 above, the tendency for many OCs to submit their applications when the Programme was drawing to a close might be the reason for the relatively low level of subsidy approved. Moreover, some OCs might fail to submit the relevant receipts for their applications, or the information in the application documents / receipts was incomplete. As a result, their applications are still being processed. Some OCs could not submit applications on time as their meetings were postponed due to the epidemic, or because they were pre-occupied with other management issues of the buildings. The HAD will continue to adopt suitable publicity measures, such as writing to or calling the OCs concerned, to encourage them to submit their applications as soon as possible.

Other Views

15. Some respondent OCs make the following suggestions on the Phase III Programme:

- (a) subsidy should be granted for building maintenance, improvement to and maintenance of fire service installations, and lift maintenance; and

- (b) the total amount of subsidy and the percentage of actual expenses for calculation of the subsidy should be increased.

16. Apart from the views of the OCs participating in the Programme, the HAD has also received views on the Programme from members of the public and local communities through various channels. The main suggestions include introducing more subsidy items³, increasing the amount of subsidy and relaxing the eligibility criteria, etc. The relevant comments will be considered in reviewing the effectiveness of the Phase III Programme in due course.

Conclusion

17. The data collected, analysis and views of respondent OCs in the mid-term evaluation show that the Phase III Programme is effective in relieving the burden of daily operating expenses on OCs of old buildings with low rateable values, thereby enabling them to maintain basic operation and enhance building management. The Programme also helps OCs comply with relevant legislative requirements, promote residents' awareness of safety and ensure public safety.

18. The Phase III Programme will end in September 2021. The HAD will conduct an overall review of the effectiveness of the Phase III Programme, taking into account the views and suggestions collected, and report the results with recommendations on the way forward to the CCF Task Force and the CoP.

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³ Such items include, for example, expenses on mobile communication and photocopying, hiring of registered arborists and pest control services. We do not suggest introducing new items of subsidy at this stage since it may be unfair to the OCs that have applied and used up the available subsidy under the programme. Nevertheless, regarding pest control services, District Offices have been working towards improving local environmental hygiene through various channels including the Community Involvement Programme and the District-led Actions Scheme.