

**Community Care Fund  
Enhanced Scheme of  
Subsidy for Owners' Corporations of Old Buildings  
Mid-term Evaluation Report**

**Purpose**

This paper aims to report on the mid-term evaluation of the Enhanced Scheme of Subsidy for Owners' Corporations of Old Buildings (the Enhanced Scheme) under the Community Care Fund (CCF) launched in October 2015 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. The pilot Scheme (the Phase I Scheme) was implemented by the Home Affairs Department (HAD) for a period of three years from 1 October 2012 to 30 September 2015 with a budget of \$67.2 million (including \$3.2 million for administrative cost). HAD reported on the evaluation results of the Phase I Scheme in September 2015. The evaluation report showed that most of the beneficiary OCs recognised that the Phase I Scheme relieved their burden on daily operating expenses and improved building management effectively.

3. The Commission on Poverty endorsed the Enhanced Scheme in September 2015 which added two subsidy items, including (i) extending the coverage of subsidy from procurement of third party risks insurance by OCs to also cover expenses on public liability insurance, and (ii) subsidising OC's expenses for the examination of lifts, with a view to further enhancing overall building management and benefitting more OCs of old buildings and grass-root owners.

4. The Enhanced Scheme was implemented by HAD for a period of three years from 1 October 2015 to 30 September 2018. Eligible OCs<sup>1</sup> may apply for subsidy on an accountable basis in respect of the following specified items for a maximum of five times. Up to 50% of the actual expenses may be granted for each item, and the maximum total amount of subsidy for each OC is \$20,000:

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

5. The approved budget for the Enhanced Scheme is the unspent amount (about \$45.6 million, excluding administrative cost) of the original approved provision (\$67.2 million). The estimated number of eligible OCs is about 4 500, among which 50% (about 2 200 OCs) are expected to apply for the subsidy.

### **Implementation of the Enhanced Scheme**

6. The central office of HAD continues to perform various work under the Enhanced Scheme, including the preparation of the application forms, reference guide and guidelines, formulation of publicity and promotion strategies, handling of enquiries from OCs and the public, as well as processing and approval of applications, etc.

7. HAD and its District Offices promoted the Enhanced Scheme to the public and eligible OCs through various channels, including promotion letters to eligible OCs (with application forms and the reference guide enclosed), and extensive publicity through HAD's dedicated website on building management, telephone calls and visits, etc. The two professional property management

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<sup>1</sup> Buildings of eligible OCs should be (i) residential or composite (commercial/residential use) buildings aged 30 years or above, and (ii) the average rateable value per annum of the residential units of the buildings in urban areas (including Tsuen Wan, Kwai Tsing and Sha Tin) shall not exceed \$120,000 while that of buildings in the New Territories shall not exceed \$92,000.

companies commissioned by HAD for implementing the Building Management Professional Advisory Service Scheme also encouraged and assisted eligible OCs in submission of application.

8. Invitation letters were sent to all eligible OCs (about 4 500) in September 2015. We also visited the OCs (about 200 visits) or made telephone calls to remind them to submit expressions of interest and application forms (about 350 calls). So far, some 1 100 eligible OCs (about 24%) have indicated in writing their intention to apply for the subsidy.

9. About 2 100 telephone enquiries on details of the Enhanced Scheme and 1 196 applications (involving 984 OCs) have been received as at the end of June 2017. Among the applications, 1 002 have been granted subsidy, involving some \$4.98 million, 9 did not meet the eligibility criteria and the remaining 185 are still being processed (detailed analysis in paragraphs 11 and 12 below). Based on the experience of Phase I Scheme, many OCs submitted their applications when the Scheme was drawing to a close. We estimate that the subsidy to be granted will amount to about \$20 million when the Enhanced Scheme concludes in September 2018.

## **Mid-term Evaluation**

10. We have conducted a mid-term evaluation of the Enhanced Scheme (as at the end of June 2017) to assess and analyse the effectiveness of the Scheme so far.

### **I. Number of Applications and Cases Approved**

11. The 1 196 applications received came from 18 districts over the territory, with higher number of applications from districts which had more old buildings such as Yau Tsim Mong District (262 or 21.9%), Sham Shui Po District (230 or 19.2%), Kowloon City District (176 or 14.7%) and Central and Western District (102 or 8.5%).

12. The 1 002 approved applications involved 832 OCs, each was granted a subsidy of \$5,986 on average. 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 935 cases, with some \$3.66 million granted.

## **II. Beneficiary OCs/Persons**

13. For reviewing the Enhanced Scheme and planning ahead, we have invited the OCs to complete questionnaires upon the first disbursement. As at the end of June 2017, 344 out of 832 questionnaires issued were received, with a respondent rate of 41%. An analysis of the statistical result showed that majority of the buildings served by the OCs were owner-occupied (64.3%). In terms of age of residents, the majority were from 40 to 64 (47.1%), followed by 65 or above (28.1%). In terms of employment status of residents, 60.8% were employed, while 39.2% were retired or unemployed. In terms of monthly household income, almost 60% (59.7%) had \$15,000 or less and about 20% (19.8%) had even less than \$10,000. As OCs were formed by owners, the data showed that many beneficiaries of the Enhanced Scheme were elderly people or those with less financial means.

## **III. Views of OCs on the Enhanced Scheme**

14. We have selected at random 85 of the OCs granted subsidy (about 10%) for a telephone survey on the Enhanced Scheme. A total of 76.4% of the respondents strongly agreed or agreed that the Enhanced Scheme alleviated their financial burden, and 83.6% were very satisfied or satisfied with the vetting and funding arrangements.

## **Observations**

15. We have the following observations from the application process, results of the questionnaire survey as well as practical experience in implementing the Enhanced Scheme –

### **(a) The Enhanced Scheme alleviated the financial burden of OCs**

- Results of the random telephone survey showed that over 70% of the respondent OCs indicated that the subsidy had relieved their financial burden, and the two new items, including the subsidy on expenses on public liability insurance, further

reduced their expenses on insurance. The subsidy on expenses on examination of lifts not only helped encourage OCs to comply with relevant legislative provisions and hence safeguard the residents and the public, but also reduced their expenses on this effectively.

(b) The Enhanced Scheme operated smoothly

- With their experience from application for subsidy under the Phase I Scheme and the detailed explanation by staff of HAD during telephone contacts and visits, over 80% of the respondent OCs were satisfied with the vetting and funding arrangements of the Enhanced Scheme.

(c) Amount of approved subsidy was relatively low

- As at the end of June 2017, a total of \$4.98 million was disbursed, which was 10.9% of the estimated total amount of \$45.6 million. The main reasons for the relatively low level of subsidy approved include OCs' failure to collect all relevant receipts; documents required for application still under preparation; and office-bearers being engaged in re-election or repair and maintenance of the building, etc. HAD will continue to encourage OCs to submit applications as soon as possible through publicity such as letters, telephone calls and visits.

## **Other Views**

16. Some respondent OCs make the following suggestions on the Enhanced Scheme:

- (a) subsidy be granted for building maintenance, improvement to and maintenance of fire services installations, and lift maintenance; and
- (b) the ceiling on the total amount of subsidy and the percentage of actual expenses for calculation of the subsidy be increased.

17. Moreover, there are also District Councils expressing views on the Enhanced Scheme, suggesting the CCF to provide OCs of private buildings with subsidy for examination of communal water pipes/water quality.

18. Regarding the suggestion set out in paragraph 16(a) above, we consider it not in line with the original intention of the Enhanced Scheme in providing subsidy on the daily expenses of OCs in order to enhance building management. This will also overlap with the existing building maintenance subsidy scheme<sup>2</sup> of the Urban Renewal Authority (URA). Therefore, the suggestion should not be considered.

19. The suggestion set out in paragraph 16(b) above will incur additional expenditure and have financial implications on the CCF. Due consideration will be given when planning the way forward for the Enhanced Scheme.

20. Regarding the comment set out in paragraph 17 above, we note that there is growing concern by OCs on communal plumbing system and water quality of buildings in recent years, and some OCs will collect water samples from common parts of buildings for examination, such as heavy metals tests. As the suggestion involves a relatively wide scope, due consideration will be given when planning the way forward for the Scheme.

## **Conclusion**

21. The data collected, analysis and views of respondent OCs in the mid-term evaluation show that the Enhanced Scheme and the new enhancement items are effective in further relieving the burden of daily operating expenses on OCs of old buildings with low rateable values, so that they may maintain basic operation and enhance building management. They also help OCs comply with relevant legislative requirements, promote residents' awareness of safety and safeguard public safety.

22. The Enhanced Scheme will end in September 2018. HAD will conduct an overall review on the effectiveness of the Enhanced Scheme, and report the results with proposals on the way forward.

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<sup>2</sup> The Integrated Building Maintenance Assistance Scheme implemented by the URA provides eligible and approved OCs with subsidies for repairs works of common area of buildings, including repairing, maintaining and replacing lifts, fire services installations and equipment etc.

Home Affairs Department  
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