

LCQ8: Lift Modernisation Subsidy Scheme

Following is a question by the Hon Chan Kin-por, and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 22):

Question:

The Government has allocated \$2.5 billion to implement the "Lift Modernisation Subsidy Scheme" (LIMSS), which is administered by the Urban Renewal Authority. Under LIMSS, those residential or composite buildings whose average rateable values of the domestic units therein do not exceed the prescribed amount are eligible for subsidies on modernising aged lifts not meeting the current technical standards. LIMSS is open for the first-round applications from March 29 to July 31 this year. In this connection, will the Government inform this Council:

- (1) of the current number of buildings eligible for joining LIMSS, and the number of buildings for which applications have been received so far;
- (2) whether it has compiled statistics on the current number of aged lifts which have to be replaced completely as they do not meet today's safety standards of lifts, as well as the average age of the buildings in which such lifts are located;
- (3) how the authorities publicise LIMSS; and
- (4) notwithstanding that for a building for which an owners' corporation has not been formed and an owners' organisation is not in place, an application for the LIMSS may be still made by a minimum of two owners who have been authorised by all owners of the building, but the authorisation of all owners cannot be secured for some of this type of buildings (e.g. as some of the owners are out of town and cannot be reached), how the authorities provide assistance to the owners of such buildings?

Reply:

President,

To enhance safety of aged lifts so as to further safeguard public safety, the Government has launched a \$2.5 billion Lift Modernisation Subsidy Scheme (LIMSS) over six years starting from the 2019-20 financial year to promote lift modernisation in the community through provision of financial incentive with appropriate professional support to building owners in need. The scheme focuses on aged lifts that have not been equipped with safety devices meeting the latest standards, and priority will be set based on risk assessments. In consideration of the capacity of the industry, we plan to

modernise about 5 000 aged lifts in phases in 6 years so as to avoid inflating the market price for the works. The Government has commissioned the Urban Renewal Authority (URA) to be the administrative agent for the LIMSS.

Under the LIMSS, approved applications can receive a subsidy of 60 per cent of the total cost of the lift modernisation works for each lift, including the fee of consultants (note) engaged by participating buildings (at a cap of \$20,000 per lift), subject to a total subsidy cap of \$500,000 per lift. In addition, eligible elderly owner-occupiers aged 60 or above can receive a subsidy, for one property under their ownership, of the full cost of the lift modernisation works that they need to contribute, subject to a cap of \$50,000. The first-round application for the LIMSS started on March 29 for closing on July 31. Eligible applicants will be notified of their priorities by the fourth quarter of 2019. As some building owners may need more time to co-ordinate and reach consensus amongst themselves for taking part in the LIMSS, the scheme has a second round of application with details to be announced later.

Our reply to the questions about the LIMSS is as follows:

(1) According to the application criteria for the LIMSS, we estimate that around 13 000 lifts are eligible for the scheme, involving about 4 000 buildings. As of May 16, the URA has received 58 applications, involving about 400 lifts.

(2) At present, there are about 68 000 lifts in Hong Kong, of which about 80 per cent have not been equipped with devices of the latest safety requirements. Although lifts installed and put into service in different years have met the technical requirements at the time of their installation, with rapid technological advancements in recent years, modern lifts are equipped with more comprehensive safety devices than the aged ones. Therefore, the Electrical and Mechanical Services Department (EMSD) promulgated the "Guidelines for Modernising Existing Lifts" in 2011. These guidelines introduce measures to enhance safety of aged lifts and recommend retrofitting of safety devices in order to uplift the safety of the lifts. When the responsible persons for aged lifts plan to modernise their lifts, apart from considering to install additional safety devices, they can also replace the entire lifts to enhance safety, reliability and comfortability having regard to the operating conditions of the lifts. As the conditions of each lift are different, the feasibility of implementing different modernisation solutions and the need for replacing the entire lift would require on-site assessment by registered lift contractors or relevant engineering consultants. Therefore, the EMSD does not have information on buildings requiring replacement of the entire lifts and the average age of such buildings.

(3) To facilitate the public and building owners to understand the LIMSS, the URA issued two batches of letters to target buildings in January and March this year respectively to introduce the scheme and invite representatives of owners to attend 11 briefings held in April and May in different districts.

In addition, the URA has used various channels to launch a series of publicity events for the scheme, including advertising in TV, radio, newspapers, etc. At district level, the URA has contacted all 18 District Councils for arranging briefing on the scheme in the council meetings. At the same time, with the assistance of 11 non-government organisation (NGO) partners, the URA is approaching target buildings in various districts and assisting their owners in making application for the scheme, with a view to promoting the LIMSS to the public and building owners at different facets.

The public can visit the URA's website – "Building Rehabilitation Platform" at www.brplatform.org.hk for details of the LIMSS. They can download the LIMSS application form and notes from the website or apply directly for the scheme through the website. For further details or enquiry about the scheme, the public can call the hotline 3188 1188 for assistance.

(4) In order to assist buildings without owners' corporation (OC) or "3-nil" buildings to join the scheme and organise the modernisation works, the URA has sought legal advice and the following suggestions have been made according to the relevant provisions in the Deed of Mutual Covenant (DMC):

If the DMC has expressly stated the following provisions, building owners may convene owners' meetings to resolve the carrying out of modernisation works according to the DMC provisions:

- (i) resolutions on common areas repair, maintenance and improvement can be passed at owners' meetings; and
- (ii) such resolutions are legally binding on all owners of the building.

If the DMC has not expressly stated items (i) and (ii) above, the resolutions concerned shall only be deemed valid with unanimous consensus by all building owners. As the DMC is a document legally binding all building owners, it may lead to legal proceedings if building owners fail to comply with it. Therefore, building owners must follow the requirements of the DMC to apply for the scheme and organise the works.

Meanwhile, the URA has proactively contacted owners of such buildings to inform them whether their DMCs have the above provisions so as to facilitate their consideration of forming OCs to join the scheme.

Furthermore, the URA has been encouraging building owners to form OCs for organising repair and maintenance works. Formation of the OC will not only facilitate building owners to reach consensus in organising such works, but also the subsequent maintenance of lifts. If building owners intend to form an OC, they must convene owners' meetings in accordance with the Building Management Ordinance (Cap. 344). In the meeting for reaching consensus to form an OC, building owners should agree to join the LIMSS and nominate at least two building owners as the applicant's representatives, and to submit the application form and all supporting documents to the URA by the deadline of the first-round applications (i.e. by July 31, 2019). After successful formation of the OC, the OC shall submit the relevant meeting minutes and a copy of the Certificate of Registration to the URA by January

31, 2020. If an OC fails to submit all the required documents by the above deadline, the application will be automatically arranged for processing in the second-round applications. If the OC still cannot submit all the required documents eventually, the application will be treated as a withdrawal by the applicant.

To encourage building owners to form OCs to carry out the relevant works, the URA offers small-value financial subsidy to those buildings with OCs successfully formed. Besides, the URA has also partnered with NGOs in a number of focal districts with numerous aged buildings to assist building owners in forming OCs to carry out lift modernisation works if needed.

Note: The LIMSS provides free consultancy services to each successful application. The services include scope assessment, cost estimation (for budgeting purpose), tender document preparation based on standard template of tender documents, tendering through the URA's e-tendering platform, tender evaluation (limited to offering technical advice), works supervision and contract management associated with the lift modernisation works. Nevertheless, building owners may engage their own consultants to provide the above services. The Government will also subsidise the consultant fees, at a cap of \$20,000 per lift.