

The Statutory Ordinance that influence much on maintenance on buildings

(Topics selected: Statutory Influences on Maintenance: Access the main statutory controls in your
locale that impact on the maintenance of buildings)

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Abstract	Page 2-3
Executive Summary	Page 3-4
The Background of Housing Ordinance	Page 4-5
The Housing Ordinance	Page 5-6
Organization of the Housing Department under the influence of the law	Page 7-8
How Influence of the Ordinance?	Page 8-9
Other the Ordinance that influence the building maintenance	Page 9-10
Reference	Page 10-11

Abstract: The Ordinances that influence our building maintenance in Hong Kong can be differentiate on several aspects. They are about environmental, safety, public housing, electricity and machinery. Those Ordinances related to environmental protection [Environmental Protection Department, 2006] are profound the control on air, noise, water and waste in order to improve the living quality of our city. About air, we have Air Control Ordinance (Cap.311). About Noise, we have noise, the Noise Control Ordinance (Cap.400). Then water is the Water Pollution Control Ordinance (Cap.358) and finally is the Waste Disposal Ordinance (Cap.354). There are also other environmental ordinances, such as Environmental Impact Assessment Ordinance but the environmental ordinances seem immune to maintenance business besides the renovation or the re-development project.

The Construction Site Safety (Safety) (Amendment) Regulation 2003 [Stephen Ip, 2003] represent the government's determination of reduces the accident rate within the worksite. This regulation has already caused certain influence to those construction and maintenance projects. As far as we know, all the construction sites in Hong Kong must comply with the law that the management teams shall undergo safety at work on site. Leaving no alternative, they all employ safety consultant to help them build up their safety management system. What about the maintenance project in Hong Kong? Housing Authority maintenance department has already changing their policy on safety. No more part-time safety practitioners under their maintenance project. Only full-time safety practitioner can be remain in position to sustain its high safety quality of work.

The Electricity Ordinance (Chapter 406) [The Hong Kong Government 1999] brings Hong Kong Government the Electrical and Mechanical Services Department. The department is responsible for monitoring how the erection, installation and maintenance of electrical plants under the law. Assessing the qualification of the electrical practitioners in Hong Kong. The ordinance mostly affecting the buildings' facilities, such as emergency generators, lighting facilities, equipments within the main switch room and etc. This is the law we cannot forgo on building maintenance business.

Under the influence of Housing Ordinance (Cap.283) [The Hong Kong Government 1997] established in 1973, the Housing Authority was founded for implementation of the housing policy. The Housing Authority at the same time has all the public building in hand. That means the Housing Authority contribute the largest proportion of buildings (public rental housing) need to be maintenance. As the largest maintenance

team in Hong Kong, the authority has to establish a strong organization structure and long-term policy. This ordinance affecting much to our building maintenance in Hong Kong I think. It leaves us areas for in depth discussion in the remaining pages of the essays.

Executive Summary

With reference to the Hong Kong Ordinances most affecting in building maintenance, it is no argue that it should be the Housing Ordinance. The Ordinance has given way to the genesis of the Housing Authority. Tentatively, the government wants to improve the living of the middle and lower classes, more harmony between the rich and poor.

The Housing Authority was established under influence of the Housing Ordinance. The public should monitor the authority at a certain level. It is important for the authority to present a clear and transparent structure. It cannot be accepted when some criticisms aroused and without a suitable route for communication. It hurts the authority's image. The Housing Ordinance fostered a giant and sophisticated management team in a capable to management a large amount of the properties.

However, the giant in 2004 tends to decrease its number the employing staff and properties. The giant sale approximate 1,015,000 sq. m of retail space and 80,000 carpark spaces to Real Estate Investment Trust (The Link REIT). It is a listed company in the stock market. And, a promoting scheme called Voluntary Exit Scheme is promoted to the employing staff for early retirement. The giant finally wants to be thin and let go of weight. Housing Ordinance allow the giant to do so.

Under the influence of the Construction Site Safety (Safety) (Amendment) Regulation 2003, they start to employ full time safety officer to help build up the safety system. The public estates under control of Housing Department have already developed the routine check system to inspect their electrical facilities by licensed electricians.

The Background of Housing Ordinance

The Housing Ordinance had been oriented since 1973. At that moment, Hong Kong was a colony and the neighborhood of Main Land China. Thousands of refugees from China to Hong Kong, they lived in squatter area climbing the hillside. A catastrophic fire in Shek Kei Mei, December 1953 aroused the government's concern of how to accommodate the victims [Housing Authority 2007]. The first simple public housing

just for sheltering the victims was founded. As more and more refugees living in the squatter area, the Hong Kong British Government decided to improve the living quality of those new squatter citizens. Then, there had the Housing Ordinance (1973). Through this Ordinance, the Housing Authority was established eventually to imply the housing policy. Tentatively moving those squatter new citizens to more safely living places. The Housing Authority began to build blocks of functional and affordable public house for them. And years went on; the housing authority became the prime developer in Hong Kong.

In recent years, Housing Authority had already become the major manager in handling property management and maintenance. Since, the authority controls all the public housing in the city.

The Housing Ordinance

The Housing Ordinance [The Hong Kong Government 1997] empowers the Housing Authority to develop, control, maintain, and manage their public housing. What's more is the authority possessing the right to lease their public housing to the personnel they think fit.

In the other words, the Housing Authority preserves the power to select the eligible persons to lease them the public housing. Those Hong Kong citizens in Hong Kong have to apply through the Authority if they want to live in the public housing. The authority also has the full power to acquire, hold and disposal of the property.

They can decide any development projects, plans or projects when they feel fit to their housing strategy. The proposals included the construction, alternation, improvement and enlargement of the premises. They have the full power to control and lease out every fittings, facilities and furniture within the building. Temporary building within their development area under the influence of the Ordinances, the authority is allowed to alternate for public housing purposes.

The public housing must be maintained in manner for the comfort and welfare of the tenants. The tenants will pay the management fee in return. The car parks within the public housing are under the authority's control for only leasing purpose.

The Housing Authority can contribute effort to design and develop streets and open space in connection to their public estates. Authority also has the right to execute legal trust or accept donation of properties from outside in financing purpose. Also, act as

an agent to sale and development of land. We can say that the Housing Authority is the largest developer and sole agent in Hong Kong.

The authority has the responsibility to advise the Chief Executive referring to the long-term housing policy. On the management aspect, the authority has the right to appoint any personnel they think fit for premises and facilities management. The appointed personnel shall decide the level of the services fee. The authority shall submit a report, which included proposal of future development, income and expenditure.

The Housing Authority

A report of June 2002 [RIFPH Committee 2002] descript the Housing Authority has already developed some 1,037,000 public flats equal to half of the housing stock. That means the Authority has about 2,074,000 flats in hand. There have been a total of 385,000 subsidized home ownership flats also. There has been Commercial and industrial usage area of 2,213,000 square meters for leasing purpose. And, total 96,500 car parks. It is believed that the sum of public housing would at least double in this number in the year 2007.

The Housing Authority is having twin's functions. As a not-for-profit party, the priority setting must be in the favour of community's interest. The other function is representing an agent of the government for public housing programme.

With this enormous number of the public housing, Housing Department has been set up to manage those Public Rental Housing (PRH) [The Hong Kong Government 2007]. Management direction mainly separate into two areas: property management and tenancy management. In 1st October 2000 onwards, property management further lay on the shoulder Property Services Companies (PSC) that are contracted out to private property management company. The tenancy management will remain as it is for District Tenant Management Offices (DTMO). In the other words, the tenancy management is still under the direct control of the Housing Department. Usage of the private sector to manage part of their property and facilities, it may be a symptom of the department's insufficient human resource and further reduce the overhead of the department. Property management to the private sector will reduce number of the civil servants. Thus, reduce benefit total expenditure to the Housing Department employee.

The private sectors are responsible to cleaning, security, rent collection, maintenance

and repairs. They must also display housing policy and other relevant documentary management. To my observation, the private sectors are mostly managing the newly developed properties while the DTMO are for the older public estates. Those older public estates are decreasing.

The policy for the private sector management services also extends to non-residential premises, such as offices and factories. Due to the government policy to enhance owners to management their own premises, it seemed that frequent argument between Owners and the Private Management Companies. Before this, we have seen a Memorandum [The Hong Kong Housing Authority 2000] descript that the Housing Department will set up special unit. This special unit is called Property Service Administration Unit (PSAU). Staffs are mainly come from other department of Housing Authority. Purpose is to monitor private management sector's performance in order to reduce the contradictory between the each party. The PSAU shall look after 69,529 PSC-managed flats by 30 PSAU staff.

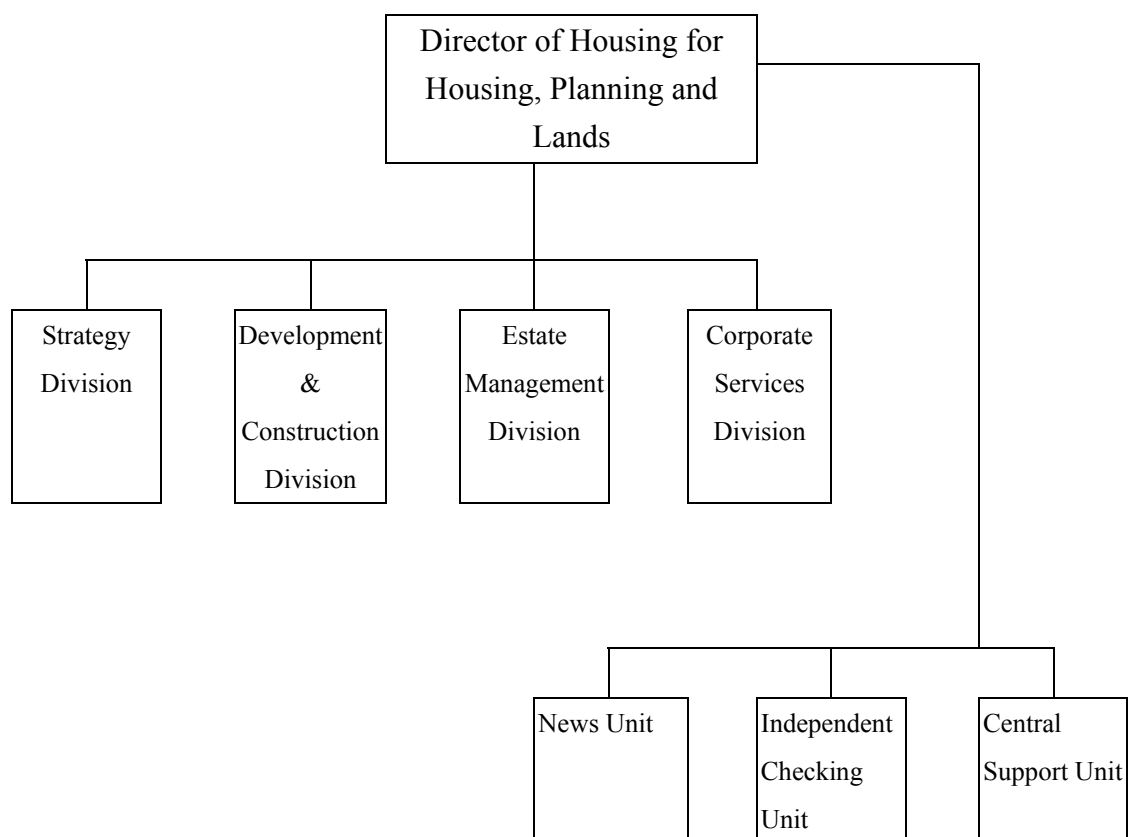
The remain of the estates would be in the hand of Tenancy Management Offices (TMOs). They are the direct staff of the Housing Department. Their prime objective is to implement the HA policy within their management areas. And, each estate has a property management unit with staff to undergo minor repairs with the respect of those tenants' remains after. Due to this decrease number of the tenants in these estates, it will not cost too much money to maintain an independent group.

Recently in November 2005, the Housing Authority has release out 180 retail and car parking facilities for the Link Real Estate Investment Trust on the Stock Exchange of Hong Kong due to the government's revised housing policy. This is the new era of public property management get into profitable business.

Organization of the Housing Department under the influence of the law

The Housing Department (HD) is the executive device under of Housing Authority [The Hong Kong Housing Authority 2007]. Within the department, we have a Director of Housing responsible for Housing, Planning and Lands. And, four Deputy Directors whose duty is to formulate policy and assessing the implementation. The organizational structure is as follows:

Organizational Chart of the Housing Department



The Housing Department is a public sector. Thus, there are factors affecting their management strategy:

Economic factors

Rental level of the private premises

External economical climate

Inflation rate

Economic growth

Property market and interest rate

Social factors

District Council Elections

One-way permit immigrant

Number of tenants receiving Social Security Assistance

Public expectation of services quality

Concern of the living environment

Other factors

Revision of the domestic rent policy

Excessive amount of the public flats

Increase number of public flat applications

Financial policy of Housing Authority

Building management and maintenance issues

As public sector and the largest property manager in Hong Kong, Housing Department has to follow up the result of the domestic rent policy. The division under the HD should manage well their public housing resources. Substantial management should be conducted in order to foster a harmony living condition within the estates area. The vacancy rate should be kept as low level as possible. All the HD staff should maintain high quality of maintenance services. Suitable training should be provided to staff provided that the team can maintain the quality of services within their estates. The Housing office should equipped with advance IT application and promote wider use of e-business.

The Housing Department prime activities are to cost-effectively allocate the resources. Furthermore, service subcontractor shall be monitored their performance timely by the housing staff. Ensuring the estates housekeeping and cleanliness of the environment.

How Influence of the Ordinance?

The Housing Ordinance fostered a largest property manager. It is beyond doubt that the management team would be the largest in Hong Kong to handle their property. Thus, The Housing Authority must present a clear and transparent structure under the public monitoring is the priority as far as they are governed under the law. This is the fundamental criteria to be a public sector. At this point, Housing Authority basically has done the best. During the analysis and reading in detail about the Housing

Ordinance in detail, you will find the Ordinance dedicated full power of controlling public housing in the hand of the authority. The Authority has the power to buy, sell, re-develop, renovate and maintenance. The power has already exceeding a general property manager could have.

As usual a property manager has four options on the site usage, they are idling, leasing, develop and sale. However, it seem that the housing authority as public sector got the fourth power. It is returning the idle site back to the government without compensation, such as the North Point Estate [Housing Authority and the Finance Committee 2007] the idling site. The former North Point Estate has already been idle for three years. There are two choices for the Housing Authority Finance Committee to consider before the site returning. First, the idle site deemed to be ready for lease but it is difficult to inspire the Legislative Council to support. The second is to allocate the site by equivalent price to Housing Authority. Finally, the site as said before the government agreed the return of North Point Estate beyond any condition.

Since, the Housing Ordinance dedicated the power to the Housing Authority of selling their properties. The Housing Authority decide to sale most of their potential retailing and Car-parking facilities to Real Estate Investment Trust (The Link REIT) which later a listed company in the stock market [Housing, Planning and Lands Bureau 2004]. The case has once brought to the court by a tenant behind supported by the pressure parties. And, the final court result is the Housing Authority has the right to do that because of the Housing Ordinance allowed [The Hong Kong Government News 2007]. Consequently, most of the shops and restaurants are suffered by rent increasing.

On the other side, the Housing Authority is promoting a Voluntary Exit Scheme [The Hong Kong Housing Authority 2007]. The scheme introduces a plan to the Housing Department staff to accept a generous retirement package. This reflects the strategy change leading to the Housing Department's organizational structure slimy and decreases its properties weight.

Other the Ordinance that influence the building maintenance

The Construction Site Safety (Safety) (Amendment) Regulation 2003 has an influence to the Housing Department. They start to concern in developing a more complete safety system stick together with their present management system. In the past, they only have employed the part time safety officer. However, the Housing Department is now employing full time safety officer in assisting to build up their safety system.

In response to the Electricity Ordinance, the Housing Department has already set up the routine check system to inspect their emergency generator system and electrical facilities by licensed electricians.

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