

**Speech of Dr Patrick Ho, Secretary for Home Affairs
at the 40th Anniversary Housing Conference of the
Chartered Institute of Housing – Asian Pacific Branch
on 24 November 2006**

Mr Ricky Yuen (Chairman of the Chartered Institute of Housing – Asian Pacific Branch), Distinguished Guests, Ladies and Gentlemen,

It is my great pleasure to address such an august gathering of housing practitioners from around the world as is here today; for the opportunity and for inviting me, I thank the Asian Pacific Branch of the Chartered Institute of Housing. This conference is held in celebration of the Institute's 40th anniversary, so let me first wish the Asian Pacific Branch a joyous birthday.

The theme of the conference is "Contemporary Housing Management – Beyond the Boundaries." Allow me then, if you will, to contribute to the subject by sharing with you some of my thoughts on housing management in Hong Kong.

Land in Hong Kong is a most scarce resource. Unlike in other countries where people own land and have control, and hence full responsibility, for whatever structure is built on their land, owning a home in Hong Kong usually takes the form of co-ownership of shares, with many other co-owners, in a multi-storey building.

Shares of such buildings are undivided, signifying the nature of co-ownership; owners of flats in an ordinary multi-storey building are entitled to the exclusive possession of their own flats but hold joint possession and responsibility, with all other flat owners in the building, of the common areas. In other words, while individual owners in a building are responsible for the management and maintenance of their own flats, they are also jointly responsible with all other owners, for the management and maintenance of the building's common areas.

Joint possession of the common areas incurs the need for co-owners to make collective decisions on matters relating to the building's management. In the past, residential buildings in Hong Kong have been mostly below ten-storeys high. The number of co-owners involved for each building was at most one hundred, and it was relatively easy for this smallish group of neighbours to decide on how to resolve management issues.

We must remember – and I suggest that we remember it with pride – that the majority of our population, as I and my parents did, once lived in crowded tenement buildings and resettlement blocks. Within that matrix was laid the seeds of the community we know today; a community that grew in strength and vigour precisely because of the enforced proximity imposed upon it by those constraints of urgency and sheer lack of space.

Something of the spirit of those times was captured in the Shaw Brothers movie *The House of the 72 Tenants*, widely acknowledged to be a classic of Cantonese-language cinema. It knitted together the many tales of a group of families herded together by chance in just such an environment, and forced to find a *modus vivendi* that would allow them to live in harmony and mutual cooperation.

As Hong Kong has developed, more and more people have had the means and been attracted to property ownership. As a result, large-scale residential estates have sprung up with blocks of 30 or even 60-storeys. Some large estates may well have more than a few thousand co-owners, posing inherent problems for property management.

The management of a multi-storey building or an estate, for example, requires a host of tasks – from day-to-day management, garbage collection, daily cleansing, and scheduling of security guards, to the maintenance and periodic renovation of the common areas costing millions of dollars. With a large number of co-owners, difficulties arise in involving all of them in every single decision needed to manage a building. And, even if this could be achieved, the likelihood of obtaining a consensus among all individuals concerned on every management issue would certainly be remote. The need for some sort of framework enabling collective decisions to be made, binding on all co-owners, has therefore been most apparent.

Against this background, the Building Management Ordinance came into play. The Government introduced the Ordinance to provide a legal framework for co-owners of multi-storey buildings to incorporate. Any corporation of co-owners so formed under the Ordinance becomes a legal entity with the power to make decisions on behalf of all co-owners. The Ordinance also provides for the appointment of management committees. Somewhat like the board of directors of a company, the management committee is appointed from among co-owners and operates in accordance with requirements described in the Ordinance.

Using this legal framework provided by the Ordinance, co-owners can discuss any issues relating to their buildings at a properly convened forum. Issues are decided by co-owners on the basis of the rule of majority. As of now, more than 15,000 residential buildings in Hong Kong are incorporated under the Ordinance.

The Building Management Ordinance was first enacted in the 1970s and has been constantly reviewed to keep abreast of ever-changing modern-day circumstances. It was last amended in 2000. In April last year (2005), after extensive public consultations with the Legislative Council, Hong Kong's 18 district councils, owner corporations and professional organisations, including the Chartered Institute of Housing, the Government introduced into the Legislative Council the Building Management (Amendment) Bill 2005. The Bill aims to rationalise the appointment procedures of management committees, help owner corporations perform their duties and exercise their powers and, most important of all, safeguard the interests of all property co-owners themselves. We hope the Amendment Bill can be passed by the Legislative Council as soon as possible, bringing convenience to all owner corporations, property owners as well as the property management and maintenance industry.

While we attempt to introduce amendments to the Ordinance with a view to improving existing provisions, the key objective underlying the Ordinance remains the same; to provide a framework whereby co-owners can reach a binding decision on how common areas of a building are managed. This is in line with the principle that co-owners are responsible for the management and maintenance of their own private properties.

The ownership, rights and responsibilities of each individual co-owner are clearly set out in a building's deed of mutual covenant. The management and maintenance of private property, both the exclusive area owned by individual owners and the common areas co-owned by all owners, is the indisputable responsibility of all co-owners. However, one may notice that, while the concept of exclusive possession is readily understood by most property owners, the concept of co-ownership is not so well understood or so willingly accepted. Many property owners still have the false understanding that anything happening outside their own flats are beyond their control and responsibility.

This misunderstanding is especially prevalent among owners of old tenement buildings. Many of these buildings have neither formed an owners' association nor engaged a property manager. Thirty or 40 years ago these buildings were sparkling new but, with a lack of proper management and

maintenance over the ensuing decades, their conditions have deteriorated to a significant extent. To aggravate the situation, these old tenement buildings often now include unauthorised structures that are potentially dangerous to the owners themselves, residents as well as passers-by.

The Government's priority is therefore to help owners of these buildings to step up management and maintenance arrangements. Various measures need to be adopted to address this pressing issue. Among them, public education is of the utmost importance. One vital message is for these property owners to accept their rights and full responsibilities. In this regard, and tying in with the Building Management (Amendment) Ordinance, the Government will launch extensive publicity on the new legal requirements of co-owners and, at the same time, promote the importance of building management and maintenance.

Despite its importance, public education is not the only means to address this housing issue. The management and maintenance of buildings is not a job for amateurs – it requires considerable professional, multi-discipline input. Even when owners understand and accept their responsibilities, they may not have the resources or technical knowledge to carry out proper management and maintenance. To address this issue, a dedicated Building Management Liaison Team in each of Hong Kong's 18 districts has been set up to provide help and support for property owners. The teams are there to help owners form owner corporations, to offer advice on the daily operation of the corporations and to provide mediation in case of disputes among co-owners.

The Government is committed to providing all help that property owners may require. Yet, Government efforts alone are insufficient to address the issue. Working hand in hand with the industry and the community will better help owners to discharge their responsibilities. In this regard, I am thankful for the continuous support from the Chartered Institute of Housing and other professional organisations and non-Government organizations that are involved in building management. Together, over the years, these organizations have given us a lot of advice and many suggestions on how to tackle the building management and maintenance problem. The Government will continue to work closely with the property management industry and, with the co-operation of property owners, I am confident we can achieve a better living environment in Hong Kong.

Ladies and Gentlemen, if by now, you are still wondering why the Secretary for Home Affairs is speaking on housing problem, and why building management falls within the remit of policy portfolio of the Home Affairs Bureau, let me take this opportunity to reiterate that building management in

Hong Kong has every thing to do with public governance and community building. In working towards a harmonious society, we have to understand that the basic unit in building our community is the family. Hong Kong is made up of over 2 million families, the great majority of which resides in buildings. Tens and hundreds of these families made up a building; a number of these buildings constitute an “area”, and a number of these “areas” become a district; and 18 districts become Hong Kong. It is imperative that families living together in a building each contributes to the welfare of the common good and participates in the management of cogent issues of common concern. It is in keeping with this spirit of community building and the exercise of good public governance that this Secretary for Home Affairs wishes to promote the concept of contemporary building management beyond the boundaries of the buildings, and indeed into our community.

To conclude, let me reiterate the theme of this conference, “Contemporary Housing Management – Beyond the Boundaries,” and underline the importance for the property management industry and the Government to go beyond the boundaries in addressing housing management issues, especially in view of the problems I have mentioned: ageing buildings, the development of large-scale estates, good citizenship and effective governance, and most importantly, the spirit of building a harmonious community for Hong Kong.

Thank you.