

Application Notes

(AN-DRS)



Building Drainage System Repair Subsidy Scheme

(Applicable to Owners' Organisation of
Category 1 Building)

Enquiry
3188 1188



發展局
Development Bureau



Introduction

In response to the rising public concerns on defective drains amid the COVID-19 pandemic and since defective drains and drains not properly sanitised will affect occupants' health and environmental hygiene, the Financial Secretary announced in the "2021-2022 Budget" on 24 February 2021 that the government would reserve HK\$1 billion and partner with the Urban Renewal Authority ("URA") to implement the "**Building Drainage System Repair Subsidy Scheme**" (this Scheme) to provide technical and financial support to owners of aged private residential or composite buildings with a relatively low average annual rateable value and to assist them to conduct investigation, repair, rectification and/or improvement works for drains of the buildings. This Scheme is currently accepting applications.

Target Buildings

There are two categories of buildings applicable under this Scheme:

Category 1

Category 1 covers buildings whose owners or owners' organisations are prepared and capable to organise relevant investigation and repair works for the common drainage systems of their buildings by themselves.

If the building owners or owners' organisations consider their buildings meeting the "**Eligibility Criteria**" (please refer to Paragraph 1 of this Application Notes), they may submit applications in accordance with the "**Submission of Application Form and Supporting Documents**" (please refer to the Paragraph 2 of this Application Notes) to the URA for their buildings to be included as Category 1 buildings.

Category 2

Category 2 covers buildings that have received drainage orders for their common drainage systems while the owners concerned have not been able to unite to organise the works prescribed in the relevant orders. The Buildings Department will select buildings based on risk assessment and exercise its statutory power to appoint work consultants and government contractors to carry out the required works on behalf of the owners.

Application Notes (For Category 1 Buildings Only)

1. Eligibility Criteria

A building applying for this Scheme must meet all of the following criteria:

- 1.1 The building is a residential building (including a building held by a Civil Servants' Cooperative Building Society ("CBS")) or private composite (commercial & residential) building regulated by the Buildings Ordinance aged 40 or above according to the Occupation Permit;
- 1.2 The 2017/18 average annual rateable value of the residential units in the building shall not go beyond the specified limit of this Scheme. Please refer to the limit stated at the item 2(b) of Appendix I to the "Integrated Building Rehabilitation Assistance Scheme" ("IBRAS") for details; and
- 1.3 The works for the common drains of the building have not been carried out in accordance with the Buildings Ordinance (Cap. 123) and its subsidiary legislations, or the works have been carried out but until 24 February 2021, the Building Department has not issued a letter to certify the receipt of a completion certificate of the works.

2. Submission of Application Form and Supporting Documents

- 2.1 The completed application form and necessary supporting documents can be returned to the URA by either of the following methods:
 - (a) On-line application:
Link: <https://www.brplatform.org.hk/e-application>
 - (b) Submission by post or in person to the office of the URA which address can be found in Annex II to the Application Form of the "Integrated Building Rehabilitation Assistance Scheme".
- 2.2 For buildings with an owners' corporation ("OC"), the OC shall be the Applicant who submits the application to the URA.
- 2.3 For buildings without an OC or those held by a CBS, all owners collectively or the CBS (as the case may be) shall be the Applicant who submits the application to the URA. Please refer to the "Application Notes for building without Owners' Corporation" in Annex I to the IBRAS Application Form for the relevant application provisions and requirements first.
- 2.4 The Applicant is required to submit the following documents to the URA at the time of application:
 - (a) A duly completed and signed **IBRAS Application Form** ("Application Form");

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- (b) (If the building has formed an OC) One **copy** of each of the meeting notices and minutes of the owners' meeting passing all of the following resolutions:
- (i) To apply for participation in the "Building Drainage System Repair Subsidy Scheme";
 - (ii) To authorise the OC to be the Applicant and at least two committee members of the Management Committee or the Manager appointed in accordance with the Deed of Mutual Covenant ("DMC") as the Applicant's Representatives to sign the Application Form and all other documents related to the "Building Drainage System Repair Subsidy Scheme";
 - (iii) To carry out repair and improvement works for the building (Please refer to the Paragraph 3 "**Scope of Works Covered in This Scheme**" of this Application Notes for the work projects covered in this Scheme);
 - (iv) To apportion all costs and expenditure relating to the works among all owners of the building in accordance with the DMC or the relevant provisions in the Building Management Ordinance (Cap. 344);
 - (v) To authorise the Applicant to receive subsidies from the URA under the "Building Drainage System Repair Subsidy Scheme" on behalf of all eligible owners.
 - (vi) To use the e-tendering platform under the "Smart Tender" of the URA to appoint a registered contractor regarding the repair and improvement works for the drains of the building (not applicable to the circumstances mentioned in Paragraph 6.4); and
 - (vii) To agree to the e-tendering platform services to be arranged under the "Smart Tender" by the URA so as to carry out the procedure of appointing a registered contractor (not applicable to the circumstances mentioned in Paragraph 6.4)

The above resolutions must be passed in accordance with the Building Management Ordinance (Cap. 344) and the DMC. (For buildings without an OC or those held by a CBS (as the case may be), please refer to the "Application Notes for Building without Owners' Corporation" in Annex I to the IBRAS Application Form for the details of the resolutions required to be passed. Meeting minutes shall be submitted to the URA at the time of submission of the Application Form). Applicants shall note that failing to submit the relevant meeting minutes at the time of submission of the Application Form may result in delay in the processing of the application.

- (c) A **copy** of the Certificate of Registration of the OC/Certificate of Registration of the Society/Certificate of Registration and by-laws of the CBS (if applicable);
- (d) A copy of the drainage repair order/investigation order or other statutory orders related to the drainage issued by the Buildings Department for the common parts of the building (if applicable); and
- (e) A **copy** of the contract of the relevant works if the Applicant has appointed a qualified registered contractor to carry out the works or the works have been implemented before 1 May 2021.

2.5 Every OC or CBS or DMC (for buildings without an OC only) will only be **approved for once within 5 years** for the subsidies under this Scheme.

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- 2.6 Upon receiving applications, the URA will prioritise all applications based on the established approval criteria of this Scheme. In the first phase, this Scheme will only process applications submitted by buildings which have outstanding statutory orders related to common drains.
- 2.7 Applications shall be made based on DMC. If a building/estate having more than one DMC intends to appoint the same qualified registered contractor to carry out the works, each Applicant is required to complete its own Application Form and the Applicants may choose to submit their Application Forms jointly as a joint application. The URA will decide upon the priority in such joint application.
- 2.8 Each Applicant can only submit one Application Form for its building. If an Applicant submits more than one Application Form, the URA has the right to cancel all its applications.
- 2.9 Upon receiving an Application Form and all its supporting documents and finishing the processing of them, the URA will acknowledge the receipt thereof in writing.

3. Scope of Works Covered in This Scheme

Subsidies must be provided for the **repair** and **rectification** works of the **common** drains of buildings, while all the works must meet the requirements of relevant legislations and be conducted by qualified registered contractors. The works covered in this Scheme include:

- 3.1 The repair or rectification works of the common drains of buildings
 - (a) The repair or replacement of damaged public sewers, waste water pipes, rainwater pipes, ventilation pipes, anti-syphonage pipes and/or underground drainage pipes; and
 - (b) The rectification of the misconnected common drainage systems, for example, a sewer that is misconnected to a rainwater drainage system.
- 3.2 The repair or replacement of the damaged branch pipes **which are connected to the common drainage system of a building and near to the common drains on which works needed to be conducted but not inside an individual unit**
 - (a) The branches of sewers, waste water pipes and/or rainwater pipes;
 - (b) Traps or adding traps; and
 - (c) The branches of anti-syphonage pipes, or adding the branches of anti-syphonage pipes.
- 3.3 The improvement works for the common drainage systems of buildings conducted according to the practice notes issued by the Buildings Department between April 2021 to May 2021.
- 3.4 The cost of the investigation and relevant works (for example, setting up scaffoldings) of the works mentioned in Paragraphs 3.1 to 3.3 may be subsidised.
- 3.5 Unless the relevant items are broken or have become dangerous again, the items of work mentioned in Paragraphs 3.1 to 3.3 which have been completed within the past five years may not be subsidised.

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4. Subsidy Amount

The subsidy caps will be set depending on the number of residential units in the building and the subsidy can be up to **80%** of the cost of the relevant drainage system works (see the table below):

No. of residential units in a building (Unit)	Subsidy cap per building (HK\$)
20 and below	120,000
21-50	250,000
51-100	450,000
101-150	600,000
151-200	750,000
201 and above	1,000,000

5. Other Subsidies

- 5.1 If a building is eligible for the “Common Area Repair Works Subsidy” (“CAS”) and/or the “Operation Building Bright 2.0” (“OBB2.0”), the Applicant may make the applications simultaneously. In other words, obtaining subsidies under the DRS would not bar the beneficiaries from applying for subsidies under other schemes while expenditure of the same works would not be doubly subsidised.
- 5.2 If individual owner occupiers who are eligible to this Scheme still have financial difficulties, they may apply for subsidies under the Building Maintenance Grant Scheme for Needy Owners (“BMGSNO”), provided that the total amount of the subsidies they are granted under this Scheme and the BMGSNO cannot exceed the actual expenditures of the relevant works. Please refer to the Application Notes of the BMGSNO for details.
- 5.3 To encourage the formation of OCs by building owners for carrying out building repair works, any Applicant who is granted the Approval-in-Principle Letter of this Scheme with a Certificate of Registration of its OC issued within the 12 months prior to the submission of an Application Form shall be granted a subsidy of HK\$3,000 under the Owners’ Corporation Formation Subsidy.

6. Procedures and Requirements for Approval

- 6.1 Each Applicant eligible for this Scheme will receive an “Approval-in-Principle Letter” issued by the URA and shall sign an agreement and a letter of undertaking and shall take the initiative to organise the relevant drainage system works for the building in accordance with the relevant guidelines and requirements of this Scheme and the “Approval-in-Principle Letter”. Applicants shall submit the required documents to the URA by phases and on time to allow the URA to examine the progress and examine whether the works have been carried out in compliance with the relevant guidelines and requirements.
- 6.2 If an Applicant has already invited tenders for the drainage works for its building, the relevant procurement procedure shall comply with the requirements of the Building Management Ordinance (Cap. 344) and DMC (if applicable). If not, the Applicant shall arrange rectification of the procurement procedure. Any additional expenses or losses

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resulted from the rectification of the procurement procedure shall not be subsidised by this Scheme and the Applicant shall be responsible for the same.

- 6.3 If an Applicant has already appointed a qualified registered contractor and/or work consultant to carry out the repair and improvement works for the drains of its building, such registered contractor and/or work consultant appointed shall sign a “Letter of Undertaking” acknowledging its agreement to observe the URA’s requirements for the application and the Scheme, or otherwise no funding will be granted for the relevant works.
- 6.4 Unless an Applicant has already appointed a qualified registered contractor or has carried out the relevant tender procedure on or before 1 May 2021, the Applicant shall prepare the contract for repair works in accordance with the guidelines issued by the URA and shall use the e-tendering platform provided by the URA to appoint a register contractor. Besides, the Applicant shall submit supporting documents as required by the URA at different stages, failing which the process of verification or appropriation of funds could be affected (as the case may be). For the requirements for supporting documents, those stipulated in the Approval-in-Principle Letter shall prevail.
- 6.5 Applicants shall insert “Ethical Commitment Clauses” and “Non-collusive Tendering Certificate” including provisions relating to prohibition of acceptance of advantage and declaration of conflict of interest etc. in tender documents and consultancy and works contracts. If a qualified registered contractor and/or work consultant have/has been appointed before this Scheme started accepting applications by an Applicant, the Applicant shall still be required to submit a “Declaration Form for Ethical Commitment Clauses” and a “Non-collusive Tendering Certificate” or a “Confirmation Letter for Probity and Anti-collusion Clauses” duly signed by the qualified registered contractor and/or work consultant appointed.
- 6.6 Staff members or representatives of the URA will examine the conditions of the drains of buildings. Applicants shall assist and facilitate the staff members or representatives of the URA to carry out site inspection of the common areas of buildings.
- 6.7 For the calculation of subsidy amounts, according to work contracts, the URA will refer to the Scope of Works Covered in This Scheme in the Paragraph 3 above to determine the subsidy amounts to be granted.
- 6.8 If works have been commenced/completed/concealed prior to the submission of an application such that on-site verification of completion of the works is impossible, the Applicant shall submit all documentary proofs for such works to the URA for checking, or otherwise such repair items will not be subsidised.
- 6.9 In case of any material variation to the contract terms or repair costs (whether it is an addition or an omission) of a building, the Applicant shall notify the URA as soon as possible in writing and submit relevant documents for approval, otherwise the subsidy amount for the works will be affected. Material variation refers to any change in sum that is likely to exceed HK\$200,000 or 20% of the OC’s annual management budget (whichever is the less), which require a resolution passed in an owners’ meeting convened under the Building Management Ordinance (Cap. 344).
- 6.10 In case of any disputes relating to the eligibility for application or release of subsidy, the decision of the URA shall be final and conclusive.

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- 6.11 Notwithstanding any contrary provision contained in this Application Notes, and whether or not an Approval-in-Principle Letter has been issued, the URA has the right to reject an application, to stop payment of subsidies, to recover any subsidies released or to adjust the subsidy amount at any stage on reasonable grounds or in reasonable circumstances and the Applicant shall raise no objection.
- 6.12 All buildings participating in this Scheme will be automatically registered for the “RenoSafe Scheme” operated by the Hong Kong Police Force to enjoy the various services offered under the “RenoSafe Scheme”.

7. Release of Subsidy

- 7.1 Subsidy amounts will be allocated to Applicants in one lump sum. Applicants can apply to the URA for the release of subsidy after the works are completed and a letter issued by the Buildings Department to certify the receipt of a completion certificate of the works is received.
- 7.2 If an Applicants fail to submit a letter issued by the Buildings Department to certify the receipt of a completion certificate of the works to the URA, the subsidy will be revoked.
- 7.3 In general, the URA will arrange for the release of subsidy within 30 days after receiving all required documents.

8. Notes

- 8.1 The URA is a public body under the regulation of the Independent Commission Against Corruption (ICAC) and the Office of The Ombudsman, Hong Kong. Any incident suspected to be related to corruption shall be reported to the ICAC immediately.
- 8.2 The URA is a public body as defined in the Prevention of Bribery Ordinance (Cap. 201) and all staff members of the URA are subject to the said Ordinance and are not allowed to solicit and accept any forms of advantages (monetary or otherwise) from customers, contractors, suppliers or any other person. For the appointment of contractors and/or work consultants for the works related to building drains, staff members of the URA shall only provide general guidance and are prohibited from taking part in any form of actions leading and influencing Applicants in the selection of contractors and/or work consultants.
- 8.3 The Application Form and this Application Notes are not legally binding on the URA. The URA is not liable to any person for any loss or damages which may be incurred or sustained by relying on any information contained in the Application Form and this Application Notes.
- 8.4 The URA reserves the right to modify the above contents at any time without prior notice. The web version shall prevail should there be any changes. Please refer to the “Building Rehab Platform” (<https://www.brplatform.org.hk>) for the latest version.
- 8.5 Any wilful misrepresentation or omission may lead to disqualification and court proceeding. Applicants are reminded that it is a criminal offence to obtain any pecuniary advantage by deception.

Enquiry Hotline: 3188 1188

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List of Abbreviations

Application Notes for Building (Applicable to Owners' Corporation / Owners' Organisation / Representatives of all owners)

Abbreviation	Application Notes
AN-CAS	Application Notes for Common Area Repair Works Subsidy
AN-DRS	Application Notes for Building Drainage System Repair Subsidy Scheme
AN-ST	Application Notes for Smart Tender Building Rehabilitation Facilitating Services
AN-MBISS	Application Notes for Mandatory Building Inspection Subsidy Scheme

Application Notes for Individual Flat Owner

Abbreviation	Application Notes
AN- OBB2.0(OO)	Application Notes for Operation Building Bright 2.0 (Applicable to Owner- Occupier)
AN-LIMSS(2)(EOO)	Application Notes for Second Round Lift Modernisation Subsidy Scheme (Applicable to Elderly Owner- Occupier)
AN-HRIL	Application Notes for Home Renovation Interest-free Loan
AN-BSLS	Application Notes for Building Safety Loan Scheme
AN-BMGSNO	Application Notes for Building Maintenance Grant Scheme for Needy Owners