

**Director of Audit's Report No. 61, Chapter 3
Hong Kong Housing Authority :
Allocation and Utilisation of Public Rental Housing Flats**

Opening Remarks by STH

Chairman,

The Housing Department (the department) is the executive arm of the Hong Kong Housing Authority (HA) and is tasked to implement the policies determined by the HA. The department is responsible for managing 730 000 public rental housing (PRH) flats. As at end-June 2013, the Waiting List (WL) applicants include some 118 700 general applications (i.e. elderly and family applicants) and 115 600 non-elderly one-person applicants under the Quota and Points System (QPS). I welcome the independent Value For Money study provided by the Director of Audit and his colleagues, which forms an important external audit mechanism on top of the internal auditing system of the department.

2. The report of the Director of Audit confirms that, in line with the policies set by the HA, the department has taken a number of initiatives to maximise the rational utilisation of PRH resources. With such a large-scale operation and service area, we recognise that there is always room for improvement in the day-to-day administration of public housing, including rationalising working procedures and enhancing transparency. We will strive to ensure that public housing resources are best used and can meet the housing need of the eligible general public more efficiently.

3. Our objective is to provide PRH to low-income families who cannot afford private rental accommodation, and our target is to maintain the average waiting time at around three years for general applicants on the WL. I must point out that the average waiting time for general applicants is calculated (1) on the average of the waiting time of general applicants housed to PRH over the past 12 months, and (2) the waiting time counts from the date of registration to the date of the first offer of a PRH flat. Currently, applicants will have 3 housing offers to cater for

their choices as far as practicable. In the past, we have mentioned repeatedly the definition of the average waiting time and the basis of its calculation on numerous public occasions, including at meeting of the Legislative Council and to the press. However, in view of the Director of Audit's recommendation, we agree that we can enhance the publicity in this aspect, for example, on the website of the HA and include this in the application guidelines.

4. For the enhancement of transparency in PRH application, we share the Director of Audit's view that there is a need to conduct investigations periodically to identify long-outstanding cases on the WL. In fact, we have conducted analyses of the housing situation of WL applicants annually since 2011 to study, amongst other things, cases on the WL with longer waiting times. We recently reported the outcome of the 2013 analysis to the Panel on Housing of the Legislative Council at the Panel Meeting held on 4 November 2013. We plan to continue with the special analyses and report the same on an annual basis.

5. During the application period, some applicants may have changes rendering their applications ineligible (for example, the household income and/or asset of applicant exceeding the limits and thus have their applications cancelled until they fulfil the criteria again before re-instatement of the applications. This would result in the extension of their aggregate waiting time. For such cases, we would consider providing illustration to ensure that concerned applicants understand the circumstances.

6. Given the limited public housing resources and the lengthening WL for PRH, we consider that priority in the allocation of PRH units should continue to be given to general applicants, including family and the elderly applicants, over non-elderly one-person applicants. Nevertheless, we fully understand that there have been calls from the community for the QPS to be refined. The Long Term Housing Strategy (LTHS) Consultation Document, published by the Steering Committee on LTHS, has also put forward recommendations on the QPS, including allocating more points to those who are above the age of 45, developing a mechanism to regularly review the income and asset of QPS applicants, etc. The public consultation exercise will end on 2 December 2013. We will pass the LTHS Steering Committee's recommendations, any views from the public on this issue received during the public consultation exercise, as well as the Director of Audit's

observations and recommendations to the HA for consideration and implementation, where appropriate.

7. At all times, we do our best to ensure that applications for the PRH are processed promptly and efficiently in accordance with the established policies and good practices. In terms of flat allocation, we will make sure that it is done in an open and equitable manner.

8. In view of the long WL and the increasing AWT for PRH in recent years, the Director of Audit considers that the HA needs to critically review the “Well-off Tenants Policies” to see whether the various parameters of the Housing Subsidy Policy and the Safeguarding Rational Allocation of Public Housing Resources Policy, commonly known as the “Well-off Tenants Policies”, can be fine-tuned and further improved.

9. The Steering Committee on LTHS has taken note that there are divergent views on the Well-off Tenants Policies in the community; some were of the opinion that the policies should be tightened while some advocated for relaxation or even cancellation. The public consultation document on LTHS further invites public’s views on the policies, which will facilitate the HA to further consider the related issues and better utilize the public housing resources..

10. The department has put in place effective measures to detect tenancy abuse cases. In 2013/14, beside strengthening detective measures from frontline management staff, 30 extra experienced estate staff were deployed to the Central Team to step up action to tackle tenancy abuses and to conduct 5 000 additional checks of tenants’ income/assets declarations. Furthermore, the education and promotion programmes to promote awareness of the need of proper use of public housing resources have been strengthened.

11. Having considered the recommendations made by the Director of Audit on handling the Under-occupation (UO) issue in 2006/07, the HA endorsed in 2007 various interim measures and established the “Prioritised UO” (PUO) threshold to deal with the UO cases in a phased approach. The department reviewed the UO policy in 2010 and 2013 respectively to revise the PUO threshold to achieve better results. Among the 54 555 outstanding UO cases listed in the Audit Report, only 1 765 are PUO cases. For the remaining cases which involved the elderly, disabled households and those not reaching the PUO living

density, the HA needs to tackle them in prudence. The HA will continue its efforts to tackle this issue in a pragmatic, caring and considerate approach.

12. As I said earlier, I welcome the audit review on the allocation and utilisation of PRH flats. I want to express my appreciation for the professional manner in which this exercise was conducted, in particular, for the opportunity the department has been given to respond to some of the findings and to clarify many points ahead of the finalization of the Report. We have generally accepted the recommendations and would take follow up action and implement them accordingly. Where policy clearance is required, we would refer them to the HA or its committees for discussion and endorsement.

13. We have prepared some supplementary information sheets and a checklist of cases identified with irregularities in the Audit Report to facilitate Members to understand more on the subjects covered. These have been circulated.

14. Chairman: I together with the Director of Housing and his colleagues will be pleased to answer Members' queries.

ENDS