

Report No. 48 of the Director of Audit – Chapter 5

MANAGEMENT OF PUBLIC RENTAL HOUSING TENANCIES

Summary

1. The Hong Kong Housing Authority (HA) was established as a statutory body in April 1973 under the Housing Ordinance (Cap. 283). The primary role of the HA is to provide subsidised public rental housing (PRH) flats for low-income families that cannot afford private rental accommodation. The major strategic objectives of the HA in the management of PRH estates are to maximise the rational allocation and eliminate abuse of housing resources with a view to enhancing the turnover of PRH flats. The Housing Department (HD) acts as the executive arm of the HA in implementing the housing policies. The HD is responsible, among others, for the provision and management of PRH flats, and the assessment of eligibility for various forms of public housing assistance.

Implementation of housing policies

2. **Income declarations.** The Audit Commission (Audit) found that: (a) PRH tenants (i.e. persons who sign tenancy agreements with the HA) are not required to produce documentary evidence to substantiate their income declarations; and (b) family members are not required to sign the declaration in the income declaration forms. *Audit has recommended that the Director of Housing should: (a) increase the number of tenants required to submit documentary evidence to substantiate their income declarations; and (b) require all income earning family members to sign the declaration in the income declaration forms.*

3. **Suspicious cases on income declarations referred to the Public Housing Resources Management Sub-section (PHRMS).** The number of income declarations processed by estate offices increased by 3,600, from 145,000 in 2000-01 to 148,600 in 2005-06. However, the number of suspicious cases on income declarations referred by estate offices to the PHRMS for in-depth checking decreased by 725, from 2,220 in 2000-01 to 1,495 in 2005-06. *Audit has recommended that the Director of Housing should ensure that estate office staff refer all suspicious cases to the PHRMS for in-depth checking.*

4. **Prosecution of PRH tenants for making false declarations.** There was a decrease in the number of prosecutions of those tenants who had been found to have given false information in their income and asset declarations, from 161 in 2003-04 to 77 in 2005-06. On average, the PRHMS found 676 cases with false statements each year. However, only 121 tenants were prosecuted each year. *Audit has recommended that the Director of Housing should: (a) step up prosecution action against persons who make false statements to the HA; (b) in consultation with the Department of Justice, review and improve the declaration forms and prosecution procedures so that prosecution action can be taken more effectively; and (c) step up publicity efforts on the convicted cases in order to achieve a better deterrent effect.*

5. **Termination of tenancy.** From 2003-04 to 2005-06, on average, there were 676 cases with false statements made by tenants in their income and asset declarations each year. However, for the same period, only 9 Notices-to-Quit (NTQs) were issued by the HD to tenants for the termination of tenancies. *Audit has recommended that the Director of Housing should step up efforts on the issuing of NTQs to tenants who have made false statements in their income and asset declarations.*

Management of tenancy records

6. **Cases involving deceased persons.** As at 4 October 2006, there were 3,934 outstanding deceased person cases which had not been resolved within the one-month time limit, including 1,320 cases lasting for more than one year. *Audit has recommended that the Director of Housing should: (a) introduce measures to ensure that estate offices take prompt action on all outstanding cases involving deceased persons within one month; and (b) ensure that estate offices expedite actions on tenancies involving deceased persons by deleting their names from the tenancy records, reminding the authorised spouse and family members to apply for transfer of tenancy, and recovering the PRH flat if the deceased person is the tenant of a single-person household.*

7. **Cases involving elderly tenants and elderly family members admitted to residential care homes.** As at 22 September 2006, there were 3,131 outstanding cases involving elderly tenants and elderly family members admitted to residential care homes for more than three months, including 2,534 cases lasting for more than one year. *Audit has recommended that the Director of Housing should: (a) introduce measures to ensure that estate offices complete the follow-up action within three months after the admission of elderly tenants and elderly family members to residential care homes, in compliance with the Estate Management Division Instructions; and (b) ensure that estate offices take prompt actions to delete their names from the tenancy records, remind the authorised spouse and family members to apply for transfer of tenancy, and recover the PRH flats where the elderly tenant is a single-person household.*

Flat transfers

8. ***Under-occupied households (i.e. the number of persons in the household is below the minimum number set by the HA for the PRH flat).*** As at 6 October 2006, there were 31,707 under-occupied households in PRH estates pending transfer to smaller flats, including 16,633 cases lasting for three years or more. *Audit has recommended that the Director of Housing should formulate a long-term strategy to address the problem of a large number of under-occupied PRH flats and expedite action to deal with the problem of under-occupied flats.*

9. ***Under-occupied single-person households.*** Audit found that 5,740 out of the 31,707 under-occupied households were non-elderly single-person households, including 2,774 cases lasting for three years or more. Audit noted that HD staff did not follow up effectively on eight cases. *Audit has recommended that the Director of Housing should issue clear procedural guidelines/instructions to estate office staff for handling under-occupied households.*

10. ***Under-occupied households allocated with two or three PRH flats.*** Out of the 31,707 under-occupied households, 1,664 households were allocated with two or three PRH flats, including 929 cases lasting for three years or more. *Audit has recommended that the Director of Housing should expedite action to recover the extra PRH flats from under-occupied households allocated with more than one PRH flat.*

Management of other tenancy-related matters

11. ***Domestic rent in arrears.*** Audit found that: (a) as at 30 September 2006, there were 14 PRH/interim housing (IH) estates with domestic rent in arrears exceeding 10% of the rent receivables for the month of September 2006; (b) the implementation date of the direct rent payment (DRP) from the Social Welfare Department (SWD) to the HD for households in receipt of Comprehensive Social Security Assistance had been deferred from mid-2006 to the second quarter of 2007; and (c) the provision of rent collection services at convenience stores had also been deferred from mid-2006 to March 2007. *Audit has recommended that the Director of Housing should: (a) take prompt action to reduce the high level of rent in arrears in the 14 PRH/IH estates; (b) in cooperation with the SWD, ensure that there is no further slippage in the implementation of the DRP; and (c) expedite action to provide rent collection services at convenience stores and reduce the number of estate shroff offices to achieve cost savings.*

12. ***Recovery of PRH flats.*** As at 30 September 2006, there were 602 PRH flats which had not been recovered within four months after the NTQ expiry dates, and no appeals had been lodged by the tenants. *Audit has recommended that the Director of*

Housing should: (a) expedite action to resolve the long outstanding NTQ cases; and (b) ensure that estate offices take prompt action to recover PRH flats after the NTQ expiry dates.

13. **Appeal cases.** The number of outstanding appeal cases had increased from 400 cases in March 2001 to 2,666 cases in December 2006. The long waiting time for hearing appeals by the Appeal Panel (Housing) delays the recovery of PRH flats from the tenants. *Audit has recommended that the Director of Housing should expedite action to clear the large number of outstanding appeal cases (e.g. increasing the number of members of the Appeal Panel (Housing) and strengthening the administrative and secretarial support to the Panel).*

Response from the Administration

14. The Administration agrees with all the audit recommendations.

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