

 **香港房屋委員會**
Hong Kong Housing Authority

By Fax and Despatch

Your Ref. : CB(3)/PAC/R47
Our Ref. : HD(H)APP/A 3/4/1
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19 December 2006

Clerk
Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road, Central,
Hong Kong.
(Attn. : Ms. Serena CHU)

Dear Ms. Chu,


**The Director of Audit's Report on the
results of value for money audits (Report No. 47)
Chapter 3 : Allocation of public rental housing flats**

Thank you for your letter of 5.12.2006 requesting for progress of actions taken by Housing Department on the above-mentioned report for consideration by the Public Accounts Committee.

The latest progress of the actions taken by this Department in connection with paragraphs 2.23, 3.22, 4.14, 5.14, 5.20 and 6.21 of the Audit Report has been detailed at the **Annex** (both in English & Chinese). Please also note that specific actions taken by this Department to monitor the flat reservation position by the Urban Renewal Authority (para. 3.11 of the Audit Report refers) have been included in Annex.

Soft copy in both languages will be forwarded via e-mail accordingly.

Yours truly,


(Mrs. Alice LO)
for Director of Housing

Encl.

c.c. Director of Audit

**The Director of Audit's Report on the
results of value for money audits (Report No. 47)
Chapter 3 : Allocation of public rental housing flats**

**Summary of Audit Recommendations and
Housing Department's Progress of Actions Taken
(as at December 2006)**

Audit Recommendations	Housing Department's Progress of Actions Taken
Part 2 - Handling of Applications for the Allocation of Public Rental Housing (PRH) Flats	
<p>Verification of declared income and assets</p> <p>2.22 (a) to remind staff to critically examine bank books and bank statements produced by applicants and family members to ensure that their declared income and assets are correct.</p> <p>2.22 (b) to require applicants and family members to produce records of Mandatory Provident Fund (MPF) contributions and tax returns for checking at the time of the vetting interviews.</p> <p>2.22 (c) to consider keeping copies of bank books, bank statements, records of MPF contributions and tax returns produced by applicants and family members in the files of the Housing Department (HD) for future reference or further checking.</p>	<p>2.23 (a) to (d) All front-line interviewers were directed through meetings/discussions in September & October 2006, to check thoroughly all bank documents produced by applicants in verifying their declared income/assets and to make proper file record to this effect. The requirement for applicants to declare updated information on income/assets at the respective estate offices at the time of intake will continue.</p> <p>In December 2006, we revised the list of documents which applicants must produce at the vetting interview, specifying that records of MPF contributions and tax returns, where applicable, are required documents.</p> <p>Interviewers were directed at staff meetings held since September 2006 to keep copies of bank statements on files whenever necessary. Guidelines in the guidebook for processing Waiting List (WL) Applications are being up-dated to include this requirement and will be published in January 2007. Also, a standard form for interviewers to record details of accounts checked has been used.</p>

<p align="center">Audit Recommendations</p>	<p align="center">Housing Department's Progress of Actions Taken</p>
<p>Delay in deleting the names of deceased persons</p> <p>2.22 (d) & (e) to issue guidelines on the need to delete the names of deceased applications and deceased family members from the WL promptly, especially for applications under the elderly priority schemes; and</p> <p>to expedite deletion of the deceased persons from the WL application and ensure that after deletion such application is still eligible for allocation of a PRH flat, especially under the elderly priority schemes.</p>	<p>2.23 (e) to (h) All staff have been directed through team meetings since September 2006 to take prompt action to delete deceased persons from the WL. This requirement will be incorporated in the latest edition of the processing guidebook which is scheduled for issue in January 2007.</p> <p>Enhancement to the new computerized management information system (scheduled to be launched in late 2007) is being explored with a view to prompting processing staff for effecting deletions of deceased persons in a timely manner.</p>
<p>In-depth checking of selected applications</p> <p>2.22 (f) to require the Task Force to check the income, in addition to the assets, of applicants and family members in respect of the applications referred to it by the Allocation Section.</p>	<p>2.23 (i) HD's Public Housing Resources Management Sub-section (PHRMS) (formerly known as Task Force Against Abuses of Public Housing Resources) now carries out in-depth checking of both income and assets of PRH applicants and family members on cases referred to it by the Allocation Section.</p>
<p>Investigation cases referred to the Task Force</p> <p>2.22(g) to issue guidelines to ensure that the Allocation Section refers all suspicious cases to the Task Force for in-depth investigation.</p>	<p>2.23 (j) The Allocation Section has critically reviewed existing measures and practice of referring cases to the PHRMS for in-depth checking. The WL guidebook is being updated for issue in January 2007.</p>

Audit Recommendations	Housing Department's Progress of Actions Taken
<p>Prosecution of PRH applicants</p> <p>2.22(h) & (i) to step up prosecution action against persons who knowingly make a false statement in an application for the allocation of a PRH flat; and</p> <p>to step up publicity efforts on the convicted cases to achieve a better deterrent effect.</p>	<p>2.23 (k) to (p)</p> <p>Prompt action on cases of knowingly making false statements has been taken and will continue to be taken.</p> <p>Training or experience-sharing opportunities are provided from time to time to interviewing staff on taking evidence and interview detection techniques.</p> <p>Press releases are issued to publicise convicted cases. Notices of convicted cases are posted up at prominent places at the Lok Fu Customer Service Centre.</p>
Part 3 -Reservation of Public Rental Housing Flats	
<p>Flats reserved by the Urban Renewal Authority (URA)</p> <p>3.10 The Director of Housing, in consultation with the URA, should</p> <p>(a) critically review the existing arrangement of reserving and forecasting the demand for PRH flats each year so as to reduce the vacant period of PRH flats reserved by the URA to a minimum; and</p> <p>(b) ensure that PRH flats not taken up by clearcees are returned to the HA promptly.</p>	<p>3.11 (a) to (g)</p> <p>URA has stated that they are obliged to hold minimum sufficient number of rehousing flats to meet demand at various stages of clearance which normally takes two to four years to complete.</p> <p>Since October 2006, HD has stepped up monitoring by issuing monthly request to URA for reviewing their housing demand and releasing promptly unused flats for HA's disposal. A number of vacant flats have since been returned to HD.</p> <p>With a view to further enhancing the monitoring of flat reservation, HD and URA have agreed to hold meetings at senior management level on a quarterly basis to review reservation of flats by URA. Targets for examination will be those flats having been reserved for over 12 months. The first meeting has been arranged for January 2007.</p>

Audit Recommendations	Housing Department's Progress of Actions Taken
<p>Monitoring of flats reserved by estate offices</p> <p>3.21 (a) to ensure that the monitoring exercises of flats reserved by estate offices are carried out quarterly as stated in the Operation Manual of the Lettings Unit (LU).</p> <p>Release of flats reserved by estate offices</p> <p>3.21 (b), (c) & (d) to ensure that estate offices submit to the LU all the confirmation and standard forms on the reserved PRH flats, all information on de-reservation of PRH flats submitted by estate offices is promptly updated, and to ensure that these flats are made available for letting.</p>	<p>3.22 (a) to (f) HD has reviewed and enhanced the monitoring mechanism for flats reserved by estate offices.</p> <p>Under the new mechanism, a monthly reminder memo is sent to estate staff for critically reviewing the flats having been reserved for over two months. If further reservation is required, Chief Manager's approval must be obtained and forwarded to LU by a specified deadline. If there is no positive indication of further retention by the deadline, de-reservation of flats will be arranged by LU without prior notification to estate staff, and the flats so released will immediately be made available for letting.</p> <p>To speed up the process and to overcome the possible mislaid of confirmation memo from estate office to LU, replying by "fax to e-mail" is required under the new arrangement.</p> <p>Following the launch of the new monitoring mechanism, a drop of flats reserved for estate use has been observed (370 flats in September 2006, 305 flats in October 2006 and 256 flats in November 2006).</p> <p>In order to alert estate staff to the financial impact of flat reservation, the rental loss due to flat reservation is listed so as to prompt staff's critical examination of their reservation requirement.</p>

Audit Recommendations	Housing Department's Progress of Actions Taken
<p>Flats withheld for major repairs</p> <p>3.21 (e) to expedite action to complete major repair works and release them for letting.</p>	<p>3.22 (g)</p> <p>For flats withheld from letting for major repair works, we have escalated the monthly monitoring system to the Chief Manager's level since September 2006 for ensuring early completion of the repair works and release of flats for letting.</p> <p>It is noted that there has been a progressive decrease of flats withheld for major repairs (157 flats in September 2006, 111 flats in October 2006).</p>
<p>Part 4 - Provision of Housing for Senior Citizens (HSC)</p>	
<p>High vacancy rate of HSC units</p> <p>4.13 (a) (b) (c) (d) The Director of Housing, in consultation with the HA, should:</p> <p>(a) formulate a long term strategy to address the problem of vacant HSC units;</p> <p>(b) closely monitor the overall vacancy position of HSC units and take expeditious action to reduce the number of vacant units, including the conversion of vacant HSC units into : (i) self-contained units for self-reliant elderly persons; (ii) PRH flats for eligible applicants; or (iii) other beneficial uses (such as non-domestic purposes);</p> <p>(c) continue to offer the vacant HSC units to other applicants on the WL for the allocation of PRH flats through normal allocation and the EFAS so as to make full use of these units;</p>	<p>4.14 (a) to (d)</p> <p>To address the high vacancy rate of HSC units, the Subsidized Housing Committee of the HA has approved on 21 July 2006 a long term plan to convert HSC units surplus to demand into normal PRH flats with a conversion target of 500 units per year. Suitable HSC units have been identified. The programme will start from this financial year.</p> <p>We will closely monitor the overall supply and demand of HSC units in the coming years. Vacant HSC units not included in the conversion programme will continue to be offered to applicants on the WL and in the Express Flat Allocation Scheme (EFAS) exercises. In the latest EFAS exercise, 878 HSC units have been selected by WL applicants and will be let out once the applicants have been verified having met all other criteria.</p>

<p align="center">Audit Recommendations</p>	<p align="center">Housing Department's Progress of Actions Taken</p>
<p>(d) expedite action to let out the vacant area of 1,025 square meters on the sixth floor of Tin Chak Estate and put the vacant HSC units on the other floors of the premises to other beneficial uses.</p>	<p>The remaining vacant area on the sixth floor of the HSC at Tin Chak Estate will be let to three non-government organizations, namely the Caritas Hong Kong, St. James Settlement and Yang Memorial Methodist Social Service, with tenancies to commence in early 2007. Tin Chak Estate has been included in the first stage of the HSC conversion programme. We are examining the feasibility to convert the vacant units on the other floors of the premises to normal PRH units or other beneficial uses.</p>
<p>Part 5 - Provision of Interim Housing (IH) Flats and Accommodation in Transit Centres (TC)</p>	
<p>Registration of IH licensees on the WL</p> <p>5.13 (a) & (b) to take effective measures to ensure that all IH licensees promptly apply for registration on the WL in accordance with the Estate Management Division Instruction; and</p> <p>to take prompt follow up action on all cancellation or withdrawal of registration cases on the WL.</p> <p>IH licensees ineligible for the allocation of PRH flats</p> <p>5.13 (c) & (d) HD needs to ascertain the reasons for not requiring IH licensees to move out from the IH flats after staying for more than one year and review the justifications for exemption in each case. If no justifications for exemption exist, to take action to enforce the provisions in the Estate Management Division Instructions.</p>	<p>5.14 (a) & (b) HD has taken effective measure to ensure all IH licensees apply for registration on the WL as required by the licensing requirement. We have recently sent registration teams to the IH estates to provide registration services to the IH residents. As at end November 2006, we have successfully registered 277 IH households on the WL. Those failing to respond within three months will be allowed to remain in the IH for a maximum period of 12 months only, and will be required to pay additional licence fees.</p> <p>5.14 (c) In addition to the tightening up measures above, we are critically reviewing the existing practices on IH management and new guidelines will be issued to our staff.</p>

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<p>High vacancy rate of IH flats</p> <p>5.13 (e) HD needs to expedite action to explore the feasibility of:</p> <ul style="list-style-type: none"> (i) implementing measures to reduce the number of vacant IH units; and (ii) converting the two old Kwai Shing East and Shek Lei (II) IH Estates into other beneficial uses. 	<p>5.14 (d) to (g) We will review the minimum number of IH flats required to meet operational needs, and take prompt action to convert the IH flats surplus to requirement into other beneficial uses. We are finalizing the way forward for Kwai Shing East and Shek Lei (II) IH estates, and proposals will be put forward to the HA in due course.</p>
<p>High vacancy rate of TCs</p> <p>5.19 (a) & (b) to review the demand for temporary accommodation in the Po Tin TC and explore the feasibility of converting the surplus accommodation into other beneficial uses (e.g. Estate Management Offices).</p>	<p>5.20 (a) & (b) We will keep in view the demand for temporary accommodation in TC and consider the conversion of surplus units in Po Tin TC accordingly.</p>
<p>Long period of stay of residents at TCs</p> <p>5.19 (c) to (f)</p> <ul style="list-style-type: none"> (i) to expedite action to ascertain the eligibility of the residents staying at TCs for the allocation of PRH flats; (ii) to take prompt action to rehouse eligible residents to PRH/IH flats; (iii) to help ineligible residents to seek assistance from the SWD or non-government organizations for alternative/permanent accommodations; (iv) to expedite action to rehouse the eight residents at the Wong Chuk Hang TC so that the TC can be closed and 	<p>5.20 (c) to (e) We have expedited action to ascertain the eligibility of TC residents and to rehouse eligible residents to PRH/IH flats. We have also referred cases ineligible for rehousing to PRH/IH but with justifiable reasons to the SWD or non-government organizations for professional assistance.</p> <p>5.20 (f) Following the successful rehousing of all the remaining residents, the Wong Chuk Hang TC was closed at end September 2006, and the site will be returned to the Government in due course.</p>

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<p>returned to the Government as soon as possible.</p>	
<p>Part 6 - Letting of Less Popular Flats</p>	
<p>Identification of less popular flats</p> <p>6.20 (a) & (b)</p> <p>to introduce control measures to ensure that, before the launching of an EFAS exercise, all estate offices provide the necessary information about less popular flats to the Allocation Section, in particular those flats with unpleasant incidents or environmental factors or situated in less desirable locations, and to ensure all estate offices promptly submit the confirmation and standard forms on vacant flats with unfavourable factors to be allocated through the EFAS exercises, including the nil returns.</p>	<p>6.21 (a) & (b)</p> <p>To avoid omission and/or delay of returns from estate staff, all estate offices are required to reply to LU, including nil returns, by a stated deadline. LU keeps a control register on the returns from the estate offices, and will take immediate follow-up action when a reply is overdue. Under this new arrangement, all estate offices were found having submitted their replies in good time in the latest EFAS exercise.</p>
<p>Acceptance of less popular flats by applicants on the WL</p> <p>6.20 (c) & (d)</p> <p>to consider offering more chances to applicants to select less popular flats pooled for the EFAS exercises, and relaxing the allocation standard on flat size for less popular flats in warranted cases</p> <p>6.20 (e) - (f)</p> <p>to introduce more incentive schemes to attract applicants on the WL to select less popular flats in the EFAS exercises, and to step up publicity efforts to promote the benefits of obtaining a less popular flat.</p>	<p>6.21 (c) to (g)</p> <p>To facilitate a better acceptance rate of the less popular flats, we have planned that, in the next EFAS exercise to be held in 2007, applicants who fail to select a flat in the first round will be given a second chance to make another selection from those flats rejected by applicants in the first round. We will continue to exercise flexibility in relaxing the allocation standard on flat size for less popular flats in justified cases.</p> <p>We are putting together a proposal for introducing more incentives, which include offering four to six months' rent-free period, for tenants moving into units which have been</p>

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	<p>vacant for 12 months or more. We will step up publicity efforts when we introduce the enhanced EFAS exercise as mentioned above in 2007.</p>
<p>Remedial actions to improve the conditions of less popular flats</p> <p>6.20 (g) to (j)</p> <p>to carry out modification works (e.g. toilets) to the less popular flats in warranted cases;</p> <p>to convert large-sized less popular flats into other beneficial uses; and</p> <p>to conduct survey to collect feedback for improvement on EFAS.</p>	<p>6.21 (h) to (m)</p> <p>The toilet modification scheme for one-person units in Po Tin Estate has been extended to other flat types in Po Tin and Tin Yan Estates.</p> <p>A further regional transfer exercise has been launched in October 2006 for letting of large-sized flats in Tuen Mun, Yuen Long and Tung Chung area. For vacant flats in Lung Tin Estate, we are examining the possibility of converting them into other uses.</p> <p>We have randomly enquired about 1,500 applicants attending the latest EFAS flat selection for their reasons for not selecting a flat. The findings will be taken into account in planning for the next EFAS.</p> <p>The findings of HD's survey on Waiting List applicants for PRH published in August 2006 also included a part on applicants' views on EFAS. Findings will be incorporated in the planning of the next EFAS.</p>