



Your ref. : CB(4)/PAC/R61
Our Ref. : L/M in HD 3-8/EM3/4-35/1

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Date : 7 January 2014

Clerk
Public Accounts Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
HONG KONG
(Attn.: Ms Mary SO)

Dear Ms SO,

Public Accounts Committee

Consideration of Chapter 3 of the Director of Audit's Report No. 61

Allocation and utilization of public rental housing flats

With reference to your letter dated 19 December 2013 addressed to Secretary for Transport and Housing on the subject issue, I set out the Administration response at the **Annex** for your reference, please. Chinese translation of the response will follow shortly.

Yours sincerely,

(Deryk YIM)

for Secretary for Transport and Housing

Encl.

c.c. Secretary for Transport and Housing
Secretary for Financial Services and the Treasury
Director of Audit

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- (a) *why the Hong Kong Housing Authority ("HA"), being the statutory body to develop and implement public housing programmes, has not conducted a review of the Well-off Tenancy Policies and the Quota and Points System ("QPS"), but had to wait for the Steering Committee on Long Term Housing Strategy to complete its review;*

The Well-off Tenants Policies and the Quota and Points System (QPS) for non-elderly one-person applicants for public rental housing (PRH) are controversial issues and there are divergent views in the community. Indeed, when the two issues were discussed at the Subcommittee on Long Term Housing Strategy (LTHS) under the Legislative Council (LegCo) Panel on Housing, divergent views were also expressed by LegCo Members. The Steering Committee on LTHS has examined the housing scene in Hong Kong, including the Well-off Tenants Policies and QPS, and made recommendations in its consultation document. It has just completed a three-month public consultation on 2 December 2013 and is consolidating the public's views for compilation of a report to the Government.

Given the controversy and divergent views of the community on these two subjects, it is only prudent for the Housing Authority (HA) to take into full account of the recommendations of the LTHS Steering Committee; latest views of various sectors of the community as expressed during the three-month public consultation exercise on the LTHS; as well as Director of Audit's report and the comments received during the Public Accounts Committee's hearings before forming its considered views and mapping out the way forward.

- (b) *whether the HA publishes on its website information on the vacant stock of public rental housing ("PRH") flats across districts; if not, why not;*

The Housing Authority has all along been following the principle of optimization of resources. As soon as newly completed units or refurbished units become available, the Lettings Unit will expedite its work in making flat allocation to applicants on the Waiting List and in

other rehousing categories. Since the information on the vacant stock of PRH flats varies drastically from day to day, if we publish such information, it would create confusion to the applicants regarding the vacancy position of flats across districts, and would not help them make their location choice. As such, we do not consider it appropriate to publish such information on our website.

- (c) ***numbers of PRH flats refurbished each year from 2008-2009 to 2012-2013, and the numbers of these flats with refurbishment period longer than the Housing Department ("HD")'s pledge of 44 days;***

The numbers of PRH flats refurbished each year from 2008-09 to 2012-2013 are 18 819, 15 305, 16 120, 14 812 and 13 298 units; and the numbers of flats with refurbishment period longer than HD's pledge of 44 days for the same period are 7 397, 5 746, 7 356, 5 125 and 4 690 units respectively. The pledge for vacant flat refurbishment is an average turnaround time and HD is able to meet the pledge of completing the refurbishment works within 44 days on average. The completion time of each individual refurbished flat will vary according to the complexity of the refurbishment works. For examples, refurbishment involving extensive structural renovations, serious water seepage repairs and re-roofing works above a vacant flat may lead to a longer time for completion.

- (d) ***numbers of PRH flats recovered each year from 2008-2009 to 2012-2013 through enforcement actions and any other means respectively, such as the surrender of flats from well-off tenants, tenants in possession of Housing Ownership Scheme ("HOS") flats;***

From 2008/2009 to 2012/2013, the numbers of PRH flats recovered due to issuance of Notice-to-Quit, voluntary surrender and tenants moved out of PRH upon purchase of HOS flats are summarized below –

Year	2008/09	2009/10	2010/11	2011/12	2012/13
Issuance of Notice-to-Quit	1 683	1 518	1 359	1 403	1 246
Voluntary Surrender	5 400	4 850	5 145	4 560	4 732
Purchase of HOS flats put up for sale by the HA and HOS/Tenants Purchase Scheme flats from the HOS Secondary Market with premium not yet paid	3 160	1 710	3 433	1 188	1 328
Total	10 243	8 078	9 937	7 151	7 306

- (e) *numbers of Housing for Senior Citizens Type 1 units and Converted One Person units recovered each year from 2008-2009 to 2012-2013, and the resultant numbers of normal PRH flats recovered therefrom;*

From 2008/2009 to 2012/2013, the numbers of Housing for Senior Citizens Type 1 (HS1) units and Converted One Person (C1P) units recovered and the resultant numbers of PRH flats recovered therefrom are summarized below –

Year	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Number of HS1 units recovered	440	474	426	844	380	2 564
Number of C1P units recovered	209	210	142	143	82	786

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Resultant number of PRH flats recovered from HS1 units	138	155	114	219	115	741 ^{Note}
Resultant number of PRH flats recovered from C1P units	150	138	100	104	63	555 ^{Note}

- (f) *numbers of HOS flats purchased by PRH tenants each year from 2008-2009 to 2012-2013 through the first-hand market, and the second-hand market with/without the land premium settled;*

Please refer to **Appendix I** for the number of HOS flats purchased by PRH tenants on the first-hand market and the secondary market without the premium paid. We have no record on the number of HOS flats with premium paid and purchased by PRH tenants on the open market.

- (g) *numbers of single elderly applications, family applications and QPS applications cancelled by applicants and by the HD respectively during the registration stage each year from 2008-2009 to 2012-2013, broken down by cancellation reasons;*

Please refer to **Appendix II** for the required statistics.

^{Note} PRH flats being converted also involved HS1 & C1P units recovered before April 2008 in partially vacated flats where conversion could only be carried out after the moving out of the remaining tenants.

- (h) *numbers of single elderly applications, family applications and QPS applications cancelled by applicants and by the HD respectively during the vetting stage each year from 2008-2009 to 2012-2013, broken down by cancellation reasons;*

Please refer to **Appendix III** for the required statistics.

- (i) *numbers of single elderly applications, family applications and QPS applications cancelled by applicants and by the HD respectively during the allocation stage each year from 2008-2009 to 2012-2013, broken down by cancellation reasons; and*

Please refer to **Appendix IV** for the required statistics.

- (j) *of the numbers in (g), (h) and (i) above, the ageing analysis of each type of applications (i.e. single elderly applicants, family applicants, QPS applicants).*

The ageing analysis for the numbers in (g), (h) and (i) is not readily available. If such details are indeed required, we would need time to sort it out and may need to procure the service from the computer vendor with extra fees charged to us.

Number of Home Ownership Scheme Flats Purchased by Public Rental Housing tenants from 2008/09 to 2012/13

Year	Home Ownership Scheme flats purchased by Public Rental Housing tenants put up by the Housing Authority through Sale of Surplus Home Ownership Scheme Flats Phase 3 to Phase 6	Home Ownership Scheme/Tenants Purchase Scheme flats purchased by Public Rental Housing tenants through Secondary Market without payment of premium	Total
2008/09	1 984	1 176	3 160
2009/10	482	1 228	1 710
2010/11	1 933	1 500	3 433
2011/12	7	1 181	1 188
2012/13	-	1 328	1 328

Number of Applications Cancelled by Applicants and the Housing Department respectively after they have been Registered on the Waiting List (2008-09 to 2012-13)

Years	Categories	Reasons	Cancellation by Applicants	Cancellation by Housing Department (HD)										Total	
				Supply False Information	Already Housed to rental flats of Hong Kong Housing Society	Already Housed to PRH estates of Hong Kong Housing Authority through other Applications (Note 1)	Failed to Attend an Interview	Occupying Public Housing	Unable to produce Documentary Proof on family position and total family income and asset by the deadline set by HD	Applicant is Deceased	Exceeds Income Limit	Exceeds Net Assets	Others (Note 2)		Sub-total
2008/09	Families Applications		107	1	3	482	2	107	0	10	13	2	268	888	995
	Single Elderly Persons Priority Scheme Applications		14	0	1	49	0	4	1	30	0	0	16	101	115
	Quota & Points System Applications		189	1	117	256	0	56	1	58	25	0	179	693	882
2009/10	Families Applications		90	6	9	452	37	0	1	11	5	0	79	600	690
	Single Elderly Persons Priority Scheme Applications		12	1	1	38	0	3	1	20	0	0	10	74	86
	Quota & Points System Applications		224	6	35	304	1	35	2	113	8	2	75	581	805
2010/11	Families Applications		117	6	13	673	1	61	0	9	5	2	207	977	1094
	Single Elderly Persons Priority Scheme Applications		9	0	4	62	0	1	0	27	0	0	14	108	117
	Quota & Point System Applications		205	5	73	368	1	42	1	102	21	1	135	749	954
2011/12	Families Applications		142	13	34	776	0	82	1	15	4	0	74	999	1141
	Single Elderly Persons Priority Scheme Applications		25	3	4	95	0	6	0	48	0	0	16	172	197
	Quota & Points System Applications		353	9	34	400	1	75	0	103	16	2	104	744	1097
2012/13	Families Applications		157	26	28	479	0	77	1	12	8	0	66	697	854
	Single Elderly Persons Priority Scheme Applications		25	5	3	63	0	5	0	68	1	0	9	154	179
	Quota and Points System Applications		426	13	42	277	0	79	2	136	19	1	83	652	1078

Note 1: Examples include compassionate rehousing, estate transfer exercises, etc.

Note 2: Examples include applicants acquired Small House Grants, became owners or members of various subsidised home ownership schemes flats, etc.

Appendix III

Number of Applicants Cancelled by Applicants and the Housing Department respectively at the Stage of Detailed Vetting (2008-09 to 2012-13)

Years	Categories	Reasons	Cancellation by Applicants	Cancellation by Housing Department (HD)										Total	
				Supply False Information	Already Housed to rental flats of Hong Kong Housing Society	Already Housed to PRH estates of Hong Kong Housing Authority through other Applications (Note 1)	Failed to Attend an Interview	Occupying Public Housing	Unable to produce Documentary Proof on family position and total family income and asset by the deadline set by HD	Applicant is Deceased	Exceeds Income Limit	Exceeds Net Assets	Others (Note 2)		Sub-total
2008/09	Families Applications		578	133	21	121	835	19	128	6	474	16	421	2174	2752
	Single Elderly Persons Priority Scheme Applications		154	21	10	23	211	2	11	63	13	4	60	418	572
	Quota & Points System Applications		76	15	14	27	157	3	40	16	104	2	74	452	528
2009/10	Families Applications		530	201	103	137	656	19	119	4	349	12	368	1968	2498
	Single Elderly Persons Priority Scheme Applications		143	22	8	53	176	5	21	63	21	2	39	410	553
	Quota & Points System Applications		83	20	88	40	142	3	27	35	56	3	27	441	524
2010/11	Families Applications		268	168	45	186	297	10	58	3	166	7	233	1173	1441
	Single Elderly Persons Priority Scheme Applications		125	28	5	52	146	3	16	65	18	0	47	380	505
	Quota & Points System Applications		118	43	32	42	259	2	38	16	88	6	63	589	707
2011/12	Families Applications		328	187	70	207	471	13	74	3	232	8	195	1460	1788
	Single Elderly Persons Priority Scheme Applications		78	18	7	37	90	0	8	44	3	1	36	244	322
	Quota & Points System Applications		64	37	25	23	159	5	31	11	56	6	44	397	461
2012/13	Families Applications		426	187	101	121	901	13	82	2	668	13	330	2418	2844
	Single Elderly Persons Priority Scheme Applications		121	44	3	34	241	2	11	61	44	2	70	512	633
	Quota & Points System Applications		81	28	5	8	241	3	27	12	122	4	58	508	589

Note 1: Examples include compassionate rehousing, estate transfer exercises, etc.

Note 2: Examples include applicants acquired Small House Grants, became owners or members of various subsidised home ownership schemes flats, etc.

Number of Applications Cancelled by Applicants and the Housing Department respectively at the Stage of Allocation (2008-09 to 2012-13)

Years	Categories	Reasons	Cancellation by Applicants	Cancellation by Housing Department (HD)			Total
				Refuse to accept 3 Offers of Tenancy without Acceptable Refusal Reasons	Applicants Do Not Turn Up for Intake Formalities and HD cannot Contact the Applicants by means of Telephone Calls and Letter	Sub-total	
2008/09	Families Applications		0	420	57	477	477
	Single Elderly Persons Priority Scheme Applications		0	185	81	266	266
	Quota and Points System Applications		0	62	33	95	95
2009/10	Families Applications		0	584	39	623	623
	Single Elderly Persons Priority Scheme Applications		0	220	52	272	272
	Quota and Points System Applications		0	95	23	118	118
2010/11	Families Applications		0	374	12	386	386
	Single Elderly Persons Priority Scheme Applications		0	197	31	228	228
	Quota and Point System Applications		0	70	13	83	83
2011/12	Families Applications		0	258	19	277	277
	Single Elderly Persons Priority Scheme Applications		0	146	15	161	161
	Quota and Points System Applications		0	55	6	61	61
2012/13	Families Applications		0	147	4	151	151
	Single Elderly Persons Priority Scheme Applications		0	70	10	80	80
	Quota and Points System Applications		0	29	8	37	37