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Office of The Ombudsman



主動調查行動報告
Direct Investigation Operation Report

當局打擊濫用公屋資源的工作
Government's Work in Combating Abuse of
Public Housing Resources

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Executive Summary

Direct Investigation Operation Report

Government's Work in Combating Abuse of Public Housing Resources

Introduction

The current-term Government has done a lot of work on housing policy. By adopting the strategies of enhancing speed, efficiency, quantity and quality, the Government has endeavoured to increase the supply of public rental housing (“PRH”). PRH resources are precious to the society. In tandem with increasing supply, it is crucial to ensure that existing PRH flats are optimally used and rationally allocated to people in genuine need. At present, there are more than 840,000 households, comprising more than 2.18 million tenants, living in PRH estates across Hong Kong. This Office believes that most public tenants are law-abiding and abusers are very much in the minority. Nevertheless, abusive behaviours would cause a waste of valuable PRH resources and unfairness to families on the waiting list. The Hong Kong Housing Authority (“HKHA”) and the Hong Kong Housing Society (“HKHS”), as the authorities responsible for managing PRH, are duty bound to formulate practical mechanisms and measures to monitor the occupancy status of tenants, thereby ensuring fairer and more effective allocation of PRH. The allocation of scarce resources should be focused on those in genuine and pressing need to improve their living conditions immediately and enhance the public’s sense of happiness and contentment.

2. In recent years, various sectors in the community have formed a strong consensus in supporting the Government to step up efforts in combating PRH abuse and increasing penalties. The current-term Government has spared no effort in combating PRH abuse with a range of improvement measures. The substantive progress so far is certainly commendable. During this direct investigation operation, HKHA and HKHS have taken the initiative to review seriously and implement the enhanced Well-off Tenants Policy (“WTP”). New measures to step up combating PRH abuse are also introduced in succession, such as exploring amendments to the Housing Ordinance for greater deterrent effect, establishing a data matching and verification mechanism with the Land Registry (“LR”), and launching the Report Public Housing Abuse Award. Since the current-term Government took office in July 2022, the Housing Department (“HD”) has recovered more than 7,000 flats on the grounds of abuse or breaches of tenancy terms or housing policies. The number of recovered flats has already exceeded

the total number of flats in a large estate. Their positive attitude and remarkable results achieved are worthy of recognition. Nevertheless, in view of the widespread concern about PRH abuse and relevant complaints lodged with us by members of the public from time to time, we consider it worthwhile to go the extra mile with an in-depth investigation into HD and HKHS, thereby ensuring that their work against PRH abuse is more precise, comprehensive and effective.

3. This Office has examined the work of HD and HKHS in monitoring tenants' occupancy status, vetting tenants' declaration of income and assets, investigating and following up on suspected PRH abuse cases. Consolidating our findings, we have the following observations and comments regarding the work of HD and HKHS in combating abuse of public housing resources.

Our Findings

(I) Applicable Scope of WTP

HKHS Should Explore Covering All PRH Tenants under WTP

4. HKHS's WTP implemented in 2018 only covers applicants with the tenancy coming into effect on or after 1 September 2018, and household members (except the spouse of original tenants) granted a new tenancy on or after that date for "take-over tenancy". Even the enhanced WTP introduced in 2024 does not cover all HKHS tenants. As at November 2024, only 14.1% of HKHS tenants were covered by the WTP. In other words, for the majority of HKHS tenants not covered by the WTP, it is entirely up to the tenants to voluntarily notify HKHS and surrender their flats upon household income or assets exceeding the limits or domestic property ownership acquired in Hong Kong. Such a loophole allows tenants to intentionally withhold information and persist with PRH abuse.

5. To plug the loophole earlier and treat all PRH tenants fairly, we urge HKHS to seek further legal advice according to circumstances, and proactively explore ways to cover all tenants of its rental estates under the WTP as soon as possible.

(II) Detection of Tenancy Abuse Relating to Income and Assets Declaration

HKHS's Former Mechanism Inadequate for Vetting the Eligibility of Applicants for “Take-over Tenancy”

6. **Case (6)** detailed in the investigation report revealed that HKHS's former mechanism for vetting the eligibility of applicants for “take-over tenancy” was inadequate. Given that the WTP does not cover all HKHS tenants, it is especially essential for HKHS to conduct stringent vetting when handling rental or tenancy matters. The spot checks conducted by HKHS according to the procedural guidelines at that time were obviously inadequate. During our direct investigation operation, HKHS has established a new mechanism with the LR since January 2024, under which HKHS will verify tenants' domestic property ownership in Hong Kong when handling their rental or tenancy matters.

7. This Office urges HKHS to take advantage of this new mechanism in proactively performing its gatekeeping role. All staff of the Estate Management Offices and the Tenancy Management Offices should be reminded to strictly adhere to the guidelines in their daily management of rental or tenancy matters, and critically vet the PRH eligibility of relevant applicants or families in accordance with the policy. The above recommendation is also applicable to HKHA's daily management of rental or tenancy matters.

HKHA Should Consider Strengthening the Vetting on the Applications for “Take-over Tenancy”

8. This Office considers that HKHA should consider drawing on HKHS's practice and explore conducting land search on applicants for “take-over tenancy” and their adult family members through the Integrated Registration Information System or the data matching and verification mechanism, thereby vetting their domestic property ownership in Hong Kong. It should only approve the “take-over tenancy” applications after confirming their eligibility.

HKHA Failing to Stringently Scrutinise the Declaration Forms Submitted by Tenants

9. Our investigation revealed that due to manpower constraints, HKHA and HKHS would not thoroughly scrutinise the truthfulness of the particulars in each declaration form in the past. However, spot checks of declaration forms only are

inadequate to curb PRH abuse. The failure of HKHA and HKHS staff to stringently scrutinise suspicious or incomplete declaration forms might give tenants a perception that the authorities would simply accept anything they submitted, and those intending to withhold information might gamble on not being detected. We recommend that HKHA and HKHS remind all estate management staff to critically scrutinise the particulars in the declaration forms submitted by tenants, clarify any suspicious or incomplete information, and proactively obtain tenants' relevant information from other government departments or organisations where necessary.

10. Before June 2023, each land search costed \$640 and had to be conducted by manual input of data one by one. Due to manpower and resource constraints, HD was unable to conduct a land search on each tenant aged 18 or above in all applications. Nevertheless, HKHA has implemented a new declaration system since October 2023, under which all tenants, upon admission to PRH, are required to declare biennially their occupancy status and any domestic property ownership in Hong Kong. With the new mechanism with LR established in 2023, land search will be conducted on all adult family members required to make declaration. The financial efficiency has been enhanced with the average cost per land search substantially reduced to around \$4. Since January 2024, HKHS has also conducted land search through the data matching and verification mechanism established with LR on the adult family members of about 1,900 households required to make declaration in 2024; it will conduct land search on the household members required to declare their property ownership thereafter.

HKHA and HKHS Should be More Proactive in Liaison and Communication with Mainland Authorities and Agencies to enhance information exchange

11. The public widely considers that HKHA and HKHS should strengthen communication with Mainland authorities or agencies to detect any property ownership of PRH applicants and tenants in the Mainland. In the past year or so, HKHA and HKHS have been more proactive in liaison with the relevant Mainland authorities or agencies. With more experience in cooperation and communication, HKHA has established effective means of liaison with Mainland authorities and agencies to facilitate the detection of tenants' property ownership in the Mainland. We are pleased to note that HKHS will follow the practice of HKHA in strengthening this aspect.

HKHA and HKHS Should Strengthen Communication with Transport Department (“TD”)

12. It is not a violation for PRH tenants to own motor vehicles, but vehicle ownership can provide a clue for tracing whether they have made false statements or omitted declaration. In recent years, HKHA and HKHS have indicated that they would pay closer attention to the vehicles parked in the monthly parking spaces of PRH estates under their management as a clue for investigating the income and assets of the tenants concerned. As a result, they have successfully detected tenants who were withholding information. However, some PRH tenants who intend to evade investigation may choose to park their vehicles in private car parks at higher fees instead of PRH car parks. To plug the loophole and obtain tenants’ information more conveniently, HKHA and HKHS should further strengthen communication with TD for obtaining the information of registered vehicle owners whose registered residential or correspondence addresses are PRH flats. It will enable HKHA and HKHS to check any ownership of expensive vehicles and Mainland vehicle licences, whether tenants have withheld information or made false statements, and whether their incomes and assets exceed the prescribed levels.

(III) Detection of Tenancy Abuse Relating to Occupancy Status

HKHS Too Lenient with Serious Tenancy Abuse

13. Before August 2024, HKHS would require the tenants in substantiated abuse cases to rectify the breach according to the time frame specified in its operational manual. Under the Warning Letter System, HKHS classified tenancy abuse into two main categories: (1) non-occupation, engaging in illegal activities in the flat, non-domestic usage and false declaration; and (2) subletting or reletting the flat. From issuing a written confirmation to the tenant after the abuse is substantiated to issuing the third warning letter, a period was allowed for rectification.

14. This Office considers it essential to take decisive action against PRH abuse. Once such cases are detected and substantiated, HKHS should initiate the process immediately to terminate the tenancy and recover the flats, just like the practice of HKHA. However, HKHS’s Warning Letter System in the past allowed tenants in serious abuse cases to continue residing in their flats after rectification. They were also given a very lenient period to rectify the breach, which in effect allowed them to continue with PRH abuse before the final deadline.

15. This Office is of the view that HKHS's Warning Letter System significantly undermined the vigour and effectiveness of its efforts in combating and preventing tenancy abuse. Following our intervention, HKHS has reviewed its former practice of being too lenient with serious tenancy abuse. Once serious abuse is substantiated, it will now initiate the process immediately to terminate the tenancy without giving any warning to the tenant. We urge HKHS to remind all staff to strictly adhere to the new practice and review its implementation in a timely manner.

Routine Home Visits of HKHA and HKHS Ineffective for Detecting PRH Abuse

16. Routine home visits form one of the measures to detect PRH abuse relating to occupancy status. These visits also serve other purposes, such as understanding the change in family circumstances, conditions of PRH facilities and occupancy status of tenants, and maintaining communication with tenants.

17. During this direct investigation operation, we had specially arranged our officers to accompany HD and HKHS staff during routine home visits. We consider that the effectiveness of home visits in combating PRH abuse largely depends on the investigation methods and techniques of estate management staff and their subsequent actions. If they are just going through the motions, home visits will not achieve the intended purposes. Even though estate management staff have conducted routine home visits according to operational guidelines, their success rate of detecting abuse relating to occupancy status is not high, given the large amount of manpower and time required. The authorities might not be able to detect whether the tenants' occupancy status is in compliance with the tenancy terms simply relying on home visits.

18. In the long run, we recommend that HKHA and HKHS review whether there is any duplication of resources or possibility of revamp between the arrangement of routine home visits and other measures against PRH abuse, thereby ensuring that the measures for combating abuse are complementary and more effective as a whole.

19. After review, if routine home visits are still considered essential for combating abuse, HKHA and HKHS should ensure the efficiency and cost effectiveness of home visits for detecting abuse. HKHA and HKHS should comprehensively review the existing arrangements from the perspectives of raising the success rate of surprise visits and the success rate of abuse detection, provide estate management staff with specific training on investigation techniques for home visits, and draw up clear

guidelines on the subsequent actions after home visits and the monitoring measures; HKHS should also review the arrangements for home visits by appointment.

To Obtain Tenants' Information from Relevant Departments More Proactively

20. Under the existing mechanism, the Social Welfare Department (“SWD”) will notify HD of the personal data of elderly persons admitted to subsidised places of residential care home, and the information of PRH tenants participating in the Guangdong and Fujian Schemes. At the request of HD, SWD will also provide the information of individual tenants relating to social security assistance. The Immigration Department will provide, at the request of HD, individual tenants' registration of persons records, immigration records, marriage registration records and death registration records.

21. In the past, HKHA and HKHS adopted a risk-based strategy and focused resources on in-depth investigation of high-risk or suspected abuse cases revealed by tip-off or detection. It was impossible to conduct in-depth investigation on all tenants. Therefore, the crux of the matter is whether HKHA and HKHS staff can promptly detect PRH abuse and approach other government departments for relevant information of the tenants concerned. To avoid oversight, we recommend that estate management staff immediately and proactively consider obtaining information of tenants from the relevant departments whenever they are aware of possible PRH abuse for stronger crackdown.

HKHA's New Award System Inadequate to Incentivise Individual Staff of Property Services Agents and Security Services Contractors

22. In their daily performance of management or patrol duties, the staff of property services agents and security services contractors should be able to grasp the occupancy status of PRH flats. For example, they might become aware of tenants' prolonged absence from home, flats frequented by strangers, flats persistently without lights at night time, or overflowing mailboxes. These suspicious cases should be reported to HD and HKHS for further monitoring or investigation. However, our investigation revealed that in most cases, property services agents and security services contractors often only took action at the request of the Estate Management Offices or the Public Housing Resources Management Sub-section (“PHRM”), such as monitoring suspected cases of PRH abuse, tracking the records of water and electricity consumption, and assisting in surprise home visits. They seldom took the initiative to report suspected cases to HD.

23. Since the third quarter of 2023, HKHA has incorporated an award system in the performance assessment scoring for property services agents and security services contractors. Under which, HKHA will award additional marks in their performance assessment for putting in extra resources leading to HKHA's issuance of Notice-to-quit in PRH abuse cases, which will increase their opportunity of tender submission and tender award in future. However, the award system may not be adequate to encourage individual staff members to proactively monitor the situation of flats or tenants and report their observations to superiors.

24. To promote a greater monitoring role for the staff of property services agents and security services contractors, HKHA should consider formulating specific incentive schemes motivating individual staff members to participate in combating PRH abuse. We consider that to enhance effectiveness, HKHA should provide the staff of property services agents and security services contractor with observation training for detecting PRH abuse, raise their vigilance and sense of responsibility in reporting suspected cases to the Estate Management Offices, and draw up guidelines for reference and compliance by staff.

HKHS Should Step up Monitoring Water Consumption of Tenants

25. When examining some early cases¹ of HKHS, we noted that it had not taken the initiative to monitor the water consumption of tenants for clues to initiate in-depth investigation. It was often only after commencement of investigation that HKHS deployed staff to monitor the water consumption of a suspected flat for evidence of PRH abuse. We urge HKHS to follow the practice of HD and step up monitoring of water consumption of rental flats, thereby detecting those with abnormal water consumption for further investigation.

HKHS Has Not Established a Notification Mechanism with SWD

26. HKHA has established a notification mechanism with SWD years ago, under which SWD will notify HD of the personal data of elderly persons admitted to subsidised places of residential care home, and the information of PRH tenants participating in the Guangdong and Fujian Schemes. The mechanism has been

¹ Since January 2023, HKHS has received information about rental flats with abnormal water consumption from the Water Supplies Department.

operating smoothly. HKHS should consider following suit and liaising with SWD to set up a similar notification mechanism as HD's, so as to gain a more comprehensive understanding of the situation of tenants.

(IV) Follow-up Actions on PRH Abuse Cases

HKHA's Prosecution Rate Too Low to Create Deterrent Effect

27. Over the past seven years, the prosecution rate of HKHA in respect of PRH abuse cases ranged from only 1.7% to 4.2%. As the prosecution rate is extremely low, there are public views that the deterrence is inadequate, leading tenants to be heedless of the consequences of concealing their income or assets, with a wrong perception that the worst-case scenario will be surrendering the flat and no legal liability will be incurred.

28. After examining the case files, we found that the time limit² for prosecution had expired in many cases when the PRH abuse was discovered. Consequently, HKHA was unable to prosecute tenants for making false statements even though sufficient evidence was available. To enhance deterrent effect and cost efficiency, we recommend that HKHA consolidate experience and comprehensively review how to identify and collect sufficient evidence for prosecution within the limitation of time, thereby raising prosecution rate to the extent that PRH abusers will be compelled to surrender their flats voluntarily. The Office is pleased to note that HD is currently exploring amendments to the Housing Ordinance to extend the time limit of prosecution against PRH abuse involving false statements.

To Explore Heavier Penalties Against PRH Abuse

29. Before the enhanced WTP was implemented by HKHA, only abuse relating to "income and assets declaration" will be prosecuted on the grounds of making false statement. As for abuse relating to "occupancy status", even for such serious cases as subletting or engaging in illegal activities in the flat, the most serious consequences would only be termination of tenancy, surrender of the flat to HKHA and disqualification from applying for public housing again within two years.

² Within 2 years after the commission of the offence or within 6 months after the discovery thereof by an authorised officer, whichever period expires first.

30. In **chapter 5, case (5)** of the investigation report, the tenant had sublet the flat to non-household members for financial gain at the expense of public resources. Even after the abuse was substantiated, HD eventually took about five months to recover the flat, while the subletting continued in the interim. Such serious abuse only resulted in surrender of the flat, which was a very minor consequence for the tenant who had already left Hong Kong and no longer lived in the flat.

31. As HKHS is not vested with the statutory power to prosecute, its tenancy management is entirely based on the terms of tenancy agreement. The penalties imposed by HKHS in PRH abuse cases are even milder and less deterrent than those imposed by HKHA. In view of the current situation of inadequate deterrence and lenient penalties, we recommend that HKHA and HKHS explore any room for imposing heavier penalties on tenants for PRH abuse, including additional sanctions through administrative measures to achieve a greater deterrence. The Office is pleased to see that HD is currently exploring amendments to the Housing Ordinance to raise the penalties for PRH abuse and criminalise such serious abuse as subletting and reletting.

HKHA Lacking Records and Analysis of Data

32. This Office considers that to ensure the desired effect achieved by the policies and measures against PRH abuse, prevent loopholes from occurring and refine the measures and operational guidelines where necessary, HKHA should regularly review the effectiveness in implementing the policies. The collection and analysis of statistical data on cases is an integral part of the review. However, HKHA currently has no centralised data about information obtained from other departments or organisations, nor has it compiled breakdown data on PRH abuse. To gain a more comprehensive understanding of the actual situation, analyse the work efficiency, and adjust the relevant strategies and enhancement measures, we recommend that both HKHA and HKHS step up the collection and analysis of data relating to crackdown on PRH abuse.

(V) Others

Lack of Computerised Management of Case Investigations and Follow-up Actions

33. Although HD has a dedicated computerised management system to record and follow up on daily management of tenancy matters and routine home visits, it has not computerised the management of investigation of PRH abuse cases. The staff of

the Estate Management Offices and the PHRM still record information on paper files, which are passed on to responsible officers at the next stage for further action. Entirely relying on paper files for recording and managing case investigations and follow-up actions has an impact on the subsequent case monitoring, data collection and analysis, and even the speed of case processing. If HD intends to study and review the follow-up actions, the handling procedures at various stages, and the effectiveness of combating PRH abuse, it will need to go through the paper files one by one, which is a time-consuming and cumbersome exercise.

34. Following the launch of our direct investigation operation, HKHA has reviewed its existing practice and set up a new computer system for storing the case information, procedures and investigation results of frontline Estate Management Offices and the PHRM in relation to work against PRH abuse for better monitoring. We urge HKHA to equip the computerised management system with data collection and analysis functions to enhance the effectiveness of its work against PRH abuse. While HKHS has already followed HKHA's practice in using an electronic platform to facilitate home visits, we recommend that HKHS further consider computerising the management of its work against PRH abuse.

Lack of Transparency in Following up on Reports

35. Apart from the occasional complaints received, this Office has been informed by members of the public that after reporting cases of PRH abuse to HD, they were refused disclosure of HD's follow-up actions and investigation results on the grounds of protecting third-party privacy. The public considered that the lack of transparency gave the impression that HD was slipshod and ineffective in investigation. Some even queried whether HD had followed up on the reports received at all.

36. This Office recognises the importance of protecting third-party privacy. However, with the Report Public Housing Abuse Award launched for provision of accurate information on PRH abuse, it is expected that more reports will be received, and informants will be anxious to know whether HD has followed up on their reports seriously. To enhance transparency and avoid misunderstanding, we recommend that both HKHA and HKHS consider giving a concise account of their follow-up actions to informants as far as possible without disclosing the personal data of third parties or affecting the progress of investigation.

HKHA and HKHS Should Strengthen Communication and Liaison on Combating PRH Abuse

37. There are many areas of mutual reference and complementarity between HKHS and HD in their strategies and efforts against PRH abuse. Currently, HKHA and HKHS have formulated their own WTP and anti-abuse measures. Although their measures and practices are similar, as mentioned above, HKHS still has room for improvement in the handling of substantiated abuse cases, arrangements for routine home visits, notification mechanism with other departments, detection of PRH abuse, and formulation of new measures. HKHS should consider drawing on the more extensive experience of HKHA in handling PRH abuse. To facilitate synergy and mutual exchange, we recommend that HKHA and HKHS step up information exchange and experience sharing on their work against PRH abuse.

Training on Investigation Techniques to be Strengthened

38. Low water consumption, rent arrears, unreachable tenants or household members are probably signs of PRH abuse. The ability of frontline estate management staff to discern these signs and take proactive action is one of the important factors in the successful detection of PRH abuse. Moreover, online advertisements or posts for subletting of PRH flats appear from time to time. If HKHA and HKHS staff can track down the relevant tenants more accurately and effectively, they can prevent PRH abuse at an early stage.

39. In this light, we recommend that HKHA and HKHS consolidate experience from various cases of PRH abuse and formulate a targeted and effective approach to detect and investigate such cases. Relevant training should be provided for frontline estate management staff or PHRM staff to enhance their sensitivity in discerning PRH abuse and capability to take corresponding actions on the clues or information obtained, resulting in more effective detection of PRH abuse.

Flexible Allocation of Resources for Investigation of PRH Abuse

40. With the strengthened efforts and publicity campaigns against PRH abuse, the workloads of HD and HKHS are expected to increase significantly. Meanwhile, HKHA has launched the Report Public Housing Abuse Award in January 2025 for provision of accurate information on PRH abuse, thereby detecting more abuse cases. To prevent misuse and ensure the truthfulness of the information provided, Award

participants have to provide their real names and be interviewed by dedicated personnel. HD needs to deploy additional manpower to implement the Award and conduct in-depth investigation into the reports, so as to enhance the success rate under the Award and avoid discouraging the public from reporting.

41. To effectively implement the enhanced efforts in combating PRH abuse and the recommendations made in this direct investigation operation, we recommend that HKHA and HKHS review the allocation of resources according to actual circumstances, with timely increase of resources and adjustment of workflow to ensure continued effectiveness of their work against PRH abuse.

(VI) Vetting Assets of PRH Applicants

HKHA and HKHS Failing to Stringently Vet PRH Applicants' Property Ownership

42. We consider that if HKHA and HKHS deepen the reform of the mechanism against PRH abuse and adopt the improvement measures detailed above to eliminate ineligible PRH applicants at source, the effectiveness will increase exponentially. It is therefore crucial to tackle the problem of PRH abuse at source by cancelling ineligible applications and allocating PRH resources to those in genuine need.

43. **Case (2) in chapter 5** showed that before the new system implemented in 2023, HD apparently did not conduct a comprehensive vetting on all household members of each PRH application for any domestic property ownership in Hong Kong.

44. This Office considers that to achieve effective gatekeeping and cost efficiency, HKHA and HKHS should consider adopting the effective data matching mechanism with LR mentioned above to screen PRH applicants and their household members for any domestic property ownership in Hong Kong before confirming their eligibility for PRH allocation. During the waiting period of PRH applicants, the authorities should also conduct in-depth investigation of randomly selected cases to detect if any applicants have withheld information on income or assets, and cancel the applications of those who fail to pass the eligibility test.

45. Since mid-2023, HD and LR has in place a data matching and verification mechanism for conducting a land search on each PRH applicants before confirming their eligibility for PRH allocation, and robustly screen them for any domestic property ownership in Hong Kong. Apart from cancelling the applications, HKHA will consider prosecuting the applicants found to have made false statements.

46. In addition, the issue of vetting the assets of PRH applicants outside Hong Kong has all along been a matter of concern. To combat PRH abuse at source, HKHA and HKHS should proactively consider vetting PRH applicants' property ownership in the Mainland or Macao, and establishing channels or platforms for such purpose in liaison with Mainland and Macao authorities or agencies. As for the vetting of overseas property ownership, we understand that it depends on whether overseas governments or relevant organisations are willing to cooperate in providing information on the tenants concerned. Nonetheless, we recommend that HKHA and HKHS continue to explore feasible ways of tracing the overseas property ownership of PRH applicants and tenants, thereby further enhancing the effectiveness of their work against PRH abuse.

Recommendations

47. In the light of the above, The Ombudsman recommends that HD and HKHS:

- (1) remind all staff of the Estate Management Offices and the Tenancy Management Offices to strictly adhere to the guidelines in their daily management of rental or tenancy matters, and vet the PRH eligibility of relevant applicants or families in accordance with the policy;
- (2) consider strengthening the vetting of "take-over tenancy" applications, and checking any domestic property ownership in Hong Kong of principal tenants and their family members;
- (3) remind estate management staff to stringently scrutinise the particulars in the declaration forms submitted by tenants, to be more vigilant in clarifying suspicious or incomplete information, and to be more proactive in obtaining tenants' relevant information from other government departments or organisations where necessary;
- (4) explore the feasibility of comprehensive screening of all PRH tenants through land search regularly;

- (5) explore ways to enhance communication with Mainland and Macao authorities and agencies, and establish channels as far as practicable, for more convenient access to information about tenants' property ownership in the Mainland or Macao;
- (6) consider strengthening communication with TD for obtaining the information of registered vehicle owners whose registered residential or correspondence addresses are PRH flats where necessary;
- (7) explore any room for improvement in the existing arrangements and monitoring system for home visits, especially the deployment of manpower, whether estate management staff have enough time to complete home visits within the time limit, and whether the proportion and practice of reviews and spot checks of records can be strengthened;
- (8) in the long run, review whether there is any duplication of resources or possibility of revamp between the arrangement of routine home visits and other measures against PRH abuse, thereby ensuring that the measures for combating PRH abuse are complementary and more effective as a whole;
- (9) after review, if routine home visits are still considered essential for combating abuse, comprehensively review the existing arrangements from the perspective of raising the success rate of surprise visits, such as deploying manpower flexibly to increase the number of surprise visits during non-office hours, and adjusting the timing of surprise visits according to the flat types and demographic composition of specific PRH estates;
- (10) after review, if routine home visits are still considered essential for combating abuse, comprehensively review the existing arrangements from the perspective of raising the success rate of abuse detection, such as providing estate management staff with specific training on investigation techniques for home visits, and drawing up clear guidelines on the subsequent actions after home visits and the monitoring measures;

- (11) proactively consider obtaining information of tenants from the relevant departments whenever estate management staff are aware of possible PRH abuse;
- (12) consider formulating specific incentive schemes to motivate staff members of property services agents and security services contractors to participate in combating PRH abuse;
- (13) for the sake of enhancing effectiveness and if feasible under contractual terms, provide the staff of property services agents and security services contractor with observation training for detecting PRH abuse, and raise their vigilance and sense of responsibility in reporting suspected cases to the Estate Management Offices;
- (14) explore any room for imposing heavier penalties on tenants for PRH abuse, especially for misconduct not in breach of the law, where HKHA and HKHS can still impose additional sanctions through administrative measures to achieve a greater deterrence;
- (15) step up the collection and analysis of data relating to crackdown on PRH abuse to gain a more comprehensive understanding of the actual situation, analyse the effectiveness of work, and adjust the relevant strategies and enhancement measures;
- (16) for the sake of enhanced transparency and avoidance of misunderstanding, consider giving a concise account of their follow-up actions to informants as far as possible without disclosing the personal data of third parties or affecting the progress of investigation;
- (17) for the sake of facilitating synergy and mutual exchange between HKHA and HKHS, strengthen communication and liaison with more information exchange and experience sharing on their work against PRH abuse;
- (18) continue to consolidate experience from various PRH abuse cases, formulate a targeted and effective approach to detect and investigate such cases, and provide relevant training for frontline estate

management staff or PHRM staff to enhance their sensitivity in discerning PRH abuse and capability to take corresponding actions on the clues or information obtained;

- (19) review the allocation of resources according to actual circumstances, with flexible deployment of manpower and adjustment of workflow to ensure continued effectiveness of their work against PRH abuse;
- (20) consider conducting a land search on all PRH applicants through the data matching and verification mechanism established with LR before confirming their eligibility for PRH allocation, robustly screening them for any domestic property ownership in Hong Kong, and randomly selecting cases for in-depth investigation during the waiting period of PRH applicants, so as to intercept PRH abuse at source;
- (21) proactively consider liaising with Mainland and Macao authorities or agencies to establish channels for vetting PRH applicants' property ownership in the Mainland or Macao; and
- (22) explore feasible ways of tracing the overseas property ownership of PRH applicants and tenants.

48. The Ombudsman recommends that HKHA:

- (23) draw on experience and comprehensively review its strategies and policies to raise prosecution rate, and explore ways to identify and collect sufficient evidence for prosecution within the limitation of time for prosecution, thereby enhancing deterrent effect and cost efficiency to the extent that tenants who have been abusing PRH will surrender their flats voluntarily; and
- (24) equip the new computerised management system with data collection and analysis functions to enhance the effectiveness of its work against PRH abuse.

49.

The Ombudsman recommends that HKHS:

- (25) study anew the full implementation of the WTP, seek legal advice and seriously explore ways to cover all tenants of its rental estates under the WTP as soon as possible;
- (26) remind all staff to strictly adhere to the practice of issuing the Notice-to-Quit outright to tenants in serious breach of the tenancy agreement without prior warning, and review the implementation of the new practice in a timely manner;
- (27) review the existing arrangements of accepting appointments for routine home visits;
- (28) continue to follow HKHA's practice in monitoring the water consumption of rental flats, and conduct further investigation if anomaly is detected;
- (29) consider liaising with SWD to set up a notification mechanism in the same way as HKHA; and
- (30) consider following HKHA's practice in computerised management of work against PRH abuse;
- (31) consider drawing on the more extensive experience of HKHA in handling PRH abuse.

Office of The Ombudsman

January 2025

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I

INTRODUCTION

BACKGROUND

1.1 The Government’s public housing policy is to provide adequate and affordable public rental housing (“PRH”) for low-income persons or families in need of housing but cannot afford private rental accommodation. Given the keen demand for PRH, the current-term Government has endeavoured to increase supply to meet the needs of the community. Concrete progress has been made in reversing the rising trend of average waiting time, which was shortened by 13% from 6.1 years before the current-term Government took office to 5.3 years in the two quarters ended in March and June 2023. As at the end of September 2024, there were around 122,000 general applications (i.e. family and elderly one-person applications) and 91,000 non-elderly one-person applications under the Quota and Points System¹. In the fourth quarter of 2023, the average waiting time for PRH was 5.5 years for general applications and 3.5 years for elderly one-person applications. The current-term (sixth-term) Government is confident that it will achieve the pledge to reduce the Composite Waiting Time for Subsidised Rental Housing to 4.5 years by 2026/27.

1.2 PRH resources are precious to the society. In tandem with increasing supply, it is crucial to ensure that existing PRH flats are optimally used and rationally allocated to people in genuine need. The Hong Kong Housing Authority (“HKHA”) and the Hong Kong Housing Society (“HKHS”) have introduced a series of measures targeting “well-off tenants” to review whether any tenants should pay higher rents or even vacate their flats. At present, there are more than 840,000 households with more than 2.18 million residents² living in PRH estates across Hong Kong. This Office

¹ For general applications, allocation priority is based on the eligible applicant’s application number, household size and selected district, subject to the availability of PRH resources. For non-elderly one-person applications, allocation priority is based on the points accumulated under the Quota and Points System. The higher the points, the earlier a flat will be allocated to the applicant who fulfils all the eligibility criteria for PRH.

² About 810,000 households with a total of 2.1 million residents are living in PRH under HKHA, and about 30,000 households with a total of 80,000 residents in PRH under HKHS.

believes that most tenants are law-abiding and abusers are very much in the minority. Nevertheless, tenancy abuse would cause a waste of valuable PRH resources and unfairness to the families and persons on the waiting list. HKHA and HKHS, as the authorities responsible for PRH, are duty bound to formulate practical mechanisms and measures to monitor the occupancy status of tenants, thereby ensuring fairer and more effective allocation of PRH. The allocation of scarce resources should be focused on those in genuine and pressing need to improve their living conditions immediately and enhance the public's sense of happiness and contentment.

1.3 The Housing Department (“HD”), the executive arm of HKHA, and HKHS combat PRH abuse through prevention, detection, investigation, publicity and education. In recent years, a strong consensus has been forming within the community on the direction of combating PRH abuse. The current-term Government has spared no effort in combating abuse with a range of improvement measures (see **chapter 6** of this investigation report). The positive results achieved so far are certainly commendable.

1.4 However, in view of the widespread concern about PRH abuse and relevant complaints lodged with us by members of the public from time to time, we consider it worthwhile to probe the work of HD and HKHS in combating abuse. Against this background, The Ombudsman launched this direct investigation operation against HKHA and HKHS pursuant to section 7(1)(a)(ii) of The Ombudsman Ordinance on 20 April 2023.

SCOPE OF INVESTIGATION

1.5 This direct investigation operation targeting HD and HKHS covers the following issues:

- monitoring the occupancy status of tenants;
- vetting the income and assets declared by tenants;
- investigation and follow-up mechanism for suspected cases of PRH abuse; and
- any areas for improvement.

PROCESS OF INVESTIGATION

1.6 On 20 April 2023, we announced the launch of this direct investigation operation and invited the public to submit their views on this topic.

1.7 On 22 November 2024, we issued a draft investigation report to HKHA and HKHS for comment. On 8 and 10 January 2025, we received the reply from HKHS and HKHA respectively. Upon considering and incorporating their comments as appropriate, we completed this final report on 20 January 2025.

2

POWERS OF HKHA AND HKHS IN COMBATING ABUSE

2.1 HKHA mainly exercises control against abuse of public housing through HD pursuant to the Housing Ordinance and the tenancy agreements signed with tenants. HKHS, on the other hand, is a self-financing statutory organisation without the powers vested by the Housing Ordinance, so it can only regulate tenants through tenancy management in accordance with the tenancy agreements.

2.2 Cases of PRH abuse may separately or concurrently relate to “occupancy status” and “income and assets declaration”. Common forms of abuse are classified into two main categories: (1) relating to occupancy status, including non-occupation (defined as not regularly and continuously residing in the flat for over three months), subletting or reletting (with or without rental income), engaging in illegal activities inside the flat (e.g. gambling, possession of drugs or illicit items), and non-domestic usage (e.g. commercial activities or storage); and (2) relating to income and assets declaration, such as false statements of income, assets, marital or household status. Failing to declare the moving out or divorce of family members, or the moving in of non-household members, may have an impact on the calculation of income and asset limits or rent payable under the Well-off Tenants Policy (“WTP”). The flat may also become under-occupied after the decline of household size. Details are elaborated in **chapter 3**.

HOUSING ORDINANCE

2.3 Pursuant to section 25(1) of the Housing Ordinance, HKHA may serve a requisition requiring tenants to furnish to HKHA or the authorised officer, within the period stated, the particulars of total household income of the tenant, or total household income and assets of the tenant, as specified in the requisition. Such requisition mainly refers to various declaration forms under the WTP, including the designated WTP declaration form (Form HD1119), declaration form on occupancy status and domestic

property ownership in Hong Kong (Form HD1145), declaration form on occupancy status (Form HD1146), and declaration form on income and assets to apply for paying the original or lower rent or continuously residing in the PRH flat (Form HD1121). PRH tenants have the responsibility to furnish correct particulars of income, assets and family members as required by HKHA. Any person who knowingly makes a false statement to HKHA in furnishing any of the particulars specified in the requisition may be prosecuted by HKHA pursuant to section 26(1)(a) of the Housing Ordinance³; any person who refuses or neglects to furnish any of the particulars specified in the requisition may also be prosecuted by HKHA pursuant to section 27(a) of the Housing Ordinance⁴.

2.4 Moreover, irrespective of whether the person concerned has been prosecuted or convicted, among the irregularities mentioned in **paragraph 2.2**, non-occupation, subletting, etc., are serious breaches of tenancy agreements or housing policies. Once substantiated, HKHA may issue a Notice-to-Quit (“NTQ”) to the tenant to terminate the tenancy pursuant to section 19(1)(b) of the Housing Ordinance⁵.

2.5 For other less serious cases of PRH abuse, such as failing to promptly notify HKHA of any changes in the family, including birth or death of family members, HD will first issue a warning allowing the tenants to rectify the situation.

TENANCY TERMS

2.6 According to the tenancy agreements between HKHA or HKHS and PRH tenants, tenants are required to notify HD or HKHS of any changes for whatever reasons in the occupancy status of themselves and their family members. Family members who have moved abroad or to the Mainland should be deleted from the tenancy; if the whole family no longer resides in the flat continuously (such as working or studying overseas on a long-term basis), tenants are required to surrender the flat. If any family members leave the territory for education or employment on a short-term basis, tenants

³ Upon conviction, the offender shall be liable to a fine at level 5 (at a maximum of \$50,000) under Schedule 8 to the Criminal Procedure Ordinance (Cap. 221) and to imprisonment for 6 months.

⁴ Upon conviction, the offender shall be liable to a fine at level 4 (at a maximum of \$25,000) under Schedule 8 to the Criminal Procedure Ordinance (Cap. 221) and to imprisonment for 3 months.

⁵ “Otherwise, the Authority may terminate any lease by giving such notice to quit as may be provided for in the lease or 1 month’s notice to quit, whichever is the greater.”

are required to provide HKHA or HKHS with supporting documents, such as employer's certification, employment visa or school enrolment documents, to facilitate monitoring of the flat's occupancy status. For temporary cases, HKHA or HKHS will not require permanent deletion of the family members from the tenancy, nor will these cases be regarded as PRH abuse.

2.7 In the tenancy agreement of HKHA, sections II(10)⁶, II(11)⁷ and II(20)⁸ stipulate the terms against PRH abuse. These terms mainly address such PRH abuse as non-domestic usage (e.g. commercial activities or storage), engaging in illegal activities inside the flat (e.g. gambling, possession of drugs or illicit items), and subletting or reletting (with or without rental income).

2.8 Since the Housing Ordinance does not cover HKHS rental flats, HKHS can only regulate tenant behaviours based on tenancy terms. The tenancy agreement of HKHS stipulates a number of terms⁹ against the PRH abuse mentioned in **paragraph 2.2**.

⁶ The Tenant agrees to use the said premises for the purpose of a residence for the Tenant and members of his family listed in this Tenancy Agreement, and not to use the same or any part thereof for any trade, business or professional purpose or as a laboratory or workshop or to store therein any goods or merchandise.

⁷ The Tenant agrees not to use or cause or permit the said premises to be used for any illegal or immoral purpose.

⁸ The Tenant agrees not to assign, sub-let or part with the possession of the said premises It is expressly agreed that the Tenant and all family members listed shall take up the tenancy of the said premises within one month after the commencement of the tenancy, and thereafter retain regular and continuous residence therein.

⁹ The Tenant agrees not to assign or sublet or part with the possession of the said premises or any part thereof and not to take in any lodger; not to permit or suffer any person to occupy or use the said premises or any part thereof for any period of time other than those persons whose names are written on the Second Schedule hereto ("the Permitted Occupiers") on the signing hereof and such other person or persons, if any, whose name or names may be added thereto subsequently by the Society PROVIDED that in the event of the marriage of any person (other than the Tenant) whose name is listed in the Second Schedule hereto, that person shall cease to be permitted to occupy or use the said premises or any part thereof unless he receives permission in writing from the Society, which permission, if given, shall be for such period of time as shall be fixed by the Society and stated in the permission; to notify the Society immediately of any changes in the family of the Tenant caused by births, deaths or otherwise; not to use the said premises except as a private residence of the Tenant only AND in particular and without prejudice to the generality of the foregoing, the said premises shall not be used as a place for carrying on any trade business or occupation; not to use the said premises or any part thereof for any illegal or immoral purpose; not to use the said premises or any part thereof for the storage of goods or merchandise. The Tenant confirms that all the persons listed in the Second Schedule hereto will live in the said premises during the subsistence of this Agreement and agrees to notify the Society of any change including the marriage of any occupier whose name is listed in the Second Schedule hereto. In the event of any person listed in the Second Schedule hereto ceasing to live in the said premises, the Tenant agrees to the cancellation of the name of such person from the Second Schedule hereto. The Tenant further acknowledges that the Society shall have the right to move him to larger or smaller accommodation in the event of any change in the number of persons listed in the Second Schedule hereto.

WELL-OFF TENANTS POLICY

2.9 To examine ways to better utilise PRH resources and to ensure that allocation is focused on those in genuine and pressing housing need, both HKHA and HKHS have implemented the WTP to review whether any tenants should pay higher rents or even vacate their flats.

HKHA

2.10 The Housing Subsidy Policy, implemented since 1 April 1987, and the Policy on Safeguarding Rational Allocation of Public Housing Resources, endorsed for implementation in April 1996, are commonly referred to as the WTP. At that time, tenants were not required to declare both their income and assets (including property ownership) at the same time. They were required to declare their assets only when their income exceeded the prevailing limits, and to vacate the PRH flat if both their income and assets exceeded the prevailing limits (commonly known as the “dual-track approach”).

2.11 The Subsidised Housing Committee (“SHC”) of HKHA endorsed revisions to the WTP at its meeting on 9 December 2016 and the relevant implementation details on 14 February 2017, which has been implemented starting from the declaration cycle in October 2017. After living in PRH for ten years, tenants are required to declare biennially the total family income and assets of all family members aged 18 or above listed in the tenancy agreement during the declaration period, and any domestic property ownership in Hong Kong. Tenants with income or assets exceeding the prevailing limits¹⁰ (commonly known as the “single-track approach”) or domestic property ownership in Hong Kong (including domestic building lots) are no longer eligible for PRH and required to vacate their flats. If a tenant’s domestic property ownership in Hong Kong is discovered by HD outside the declaration cycle, HD will issue an NTQ to the tenant immediately or not later than the next month after the domestic property ownership in Hong Kong is confirmed.

¹⁰ The household income exceeds five times or the total household net asset value exceeds 100 times the prevailing “PRH Income Limits”.

2.12 In 2022/23, around 252,500 households were required to declare their income and assets under the WTP, with the procedures beginning in April and October respectively every year. Taking the declaration cycle of April 2022 as an example. Upon completion of vetting, the Estate Management Office (“EMO”) or the Tenancy Management Office (“TMO”) should issue a letter by the end of January 2023 notifying the tenants concerned of the level of rents¹¹ payable from 1 April 2023 onwards, or whether they are still eligible for PRH. For tenants who are ineligible for PRH, HD will issue an NTQ to them in late February 2023 under the WTP. Upon receipt of the NTQ, those tenants are required to vacate their flats on or before 31 March 2023. HD’s procedures and arrangements for declaration of income and assets in April or October¹² every year are set out in **Table 1**:

Table 1: HD’s procedures and arrangements for declaration of income and assets in April or October every year

Declaration cycle in April		Declaration cycle in October	
Month	Procedures and arrangements	Month	Procedures and arrangements
1 Apr	EMO to issue a letter requiring relevant tenants to declare their income for the year ending 30 Apr and assets on the same day. Declaration form to be completed on or after 1 May and returned to EMO by 31 May.	2 Oct	EMO to issue a letter requiring relevant tenants to declare their income for the year ending 31 Oct and assets on the same day. Declaration form to be completed on or after 1 Nov and returned to EMO by 30 Nov.
May	Tenants to return completed declaration form to the respective EMO.	Nov	Tenants to return completed declaration form to the respective EMO.

¹¹ Households with income exceeding 2 times but not more than 3 times the prevailing “PRH Income Limits” are required to pay 1.5 times net rent plus rates; households with income exceeding 3 times but not more than 5 times are required to pay double net rent plus rates.

¹² HD requires tenants to return declaration forms in batches in April or October according to tenancy period. Currently, only around 1,000 households are covered by the declaration cycle of October.

Declaration cycle in April		Declaration cycle in October	
Month	Procedures and arrangements	Month	Procedures and arrangements
Early to mid-Jun	EMO to issue a reminder to tenants who have not returned the declaration form.	Early to mid-Dec	EMO to issue a reminder to tenants who have not returned the declaration form.
Jun to 1 Sep	EMO to make preliminary vetting. If suspected cases are identified, to clarify with the tenants concerned or seek further information or supporting documents. If still in doubt, EMO to pass suspected cases of false declaration by 1 Sep to the Public Housing Resources Management Sub-section (“PHRM”) for in-depth investigation.	Dec to 1 Mar next year	EMO to make preliminary vetting. If suspected cases are identified, to clarify with the tenants concerned or seek further information or supporting documents. If still in doubt, EMO to pass suspected cases of false declaration by 1 Mar to PHRM for in-depth investigation.
Before 30 Sep	EMO to issue a letter informing tenants who have not returned the declaration form that HD will issue an NTQ to terminate their tenancy.	Before 31 Mar next year	EMO to issue a letter informing tenants who have not returned the declaration form that HD will issue an NTQ to terminate their tenancy.
May to Feb next year	EMO to inform tenants of results of rent assessment (whether original, 1.5 times, double or market rent ¹³ is payable).	Nov to Aug next year	EMO to inform tenants of results of rent assessment (whether original, 1.5 times or double or market rent ¹³ is payable).

¹³ Under the revised WTP endorsed by HKHA and implemented from the declaration cycle of October 2017, two types of tenants whose total household income exceeds the prescribed limits under the WTP but without domestic property ownership in Hong Kong can continue to reside in PRH, but they need to pay market rents: (i) with family members receiving or eligible for Disability Allowance from the Social Welfare Department; (ii) pending intake of a subsidised flat purchased with the Green Form Certificate which is still under construction.

Declaration cycle in April		Declaration cycle in October	
Month	Procedures and arrangements	Month	Procedures and arrangements
Jan next year	PHRM to complete in-depth investigation (including spot checks of cases).	Jul next year	PHRM to complete in-depth investigation (including spot checks of cases).
End of Feb next year	To issue NTQ to tenants who are required to surrender their flats.	End of Aug next year	To issue NTQ to tenants who are required to surrender their flats.

2.13 On the declaration form, tenants are required to declare that all the particulars furnished are true and correct. They are reminded that any person who knowingly makes any false statement or refuses or neglects to furnish any of the particulars specified shall be guilty of an offence. Furthermore, the Guidelines on completing the declaration form also explicitly remind tenants that if they own lands, properties, investments or other assets outside Hong Kong, they are required to declare the income derived from such assets and the net asset values to facilitate HD's assessment of whether the income and asset levels exceed the prescribed limits. Tenants found to have made false statements or furnished incorrect particulars are liable for prosecution by HD pursuant to the Housing Ordinance.

2.14 Under the WTP, the following households are exempt from declaring their income, assets and domestic property ownership in Hong Kong:

- (1) all members aged 60 or above;
- (2) all members receiving Comprehensive Social Security Assistance (“CSSA”);
- (3) all members eligible for or receiving Disability Allowance from the Social Welfare Department (“SWD”);
- (4) all members in different combinations of (1), (2) or (3) above; or
- (5) on shared tenancies¹⁴.

¹⁴ Separate tenancy agreements signed by co-residents in the same PRH flat who are unrelated to each other.

HKHS

2.15 In January 2015, this Office announced the results of direct investigation operation titled “Mechanisms Used to Review and Monitor Eligibility of Existing Tenants in Subsidised Public Housing”. At that time, we considered HKHS to have not taken effective measures (such as incorporating suitable terms in tenancy agreements) to restrict “well-off tenants” or those with property ownership from occupying PRH flats indefinitely. This ran counter to HKHS’s objective and original intent of providing PRH for people of low income or asset levels, and was unfair to those in genuine need of subsidised housing. In this connection, we recommended that HKHS consider incorporating terms in tenancy agreements and adopting administrative measures requiring tenants to declare their income and assets, and to pay higher rents if their income and assets exceed the prescribed limits after moving into PRH flats.

2.16 Accordingly, HKHS explored implementation of the WTP in 2015. After consulting legal advice, HKHS officially implemented the WTP on 1 September 2018, covering PRH applicants with tenancy coming into effect on or after 1 September 2018, and household member being granted new tenancy agreement (except the spouse of original tenant) on or after 1 September 2018 under the “take-over tenancy” policy.

2.17 According to the WTP of HKHS, households having lived in HKHS rental estates for ten years are required to declare their income and assets biennially. The declaration procedures begin in April every year. Moreover, after any changes in the family, such as “take-over tenancy” by a family member (except the spouse of original tenant) or addition of new members aged 18 or above, tenants are required to make biennial declaration irrespective of the length of residence. From implementation of the WTP on 1 September 2018 to 30 November 2024, 4,160 or 14.1% of the households signed a tenancy agreement with the WTP terms (referred to as “new tenancy agreement”), of which 48 households would be required to make the declaration. Figures of households with a new tenancy agreement signed between September 2018 and November 2024 are set out in **Table 2**:

Table 2: Number of households with a new tenancy agreement signed between September 2018 and November 2024

Year (As at 31 Dec each year)	Cumulative no. of households with new tenancy agreement signed	Total no. of households in rental estates	Percentage
2018 (Implemented since 1 Sep)	59	30,135	0.2%
2019	553	30,176	1.8%
2020	974	29,999	3.3%
2021	1,725	30,156	5.7%
2022	2,382	30,028	7.9%
2023	3,141	29,834	10.5%
2024 (As at 30 Nov)	4,160	29,564	14.1%

2.18 Tenants are required to surrender their PRH unit upon domestic property ownership in Hong Kong any time during the tenancy, irrespective of their levels of household income or assets. Tenants with total household income exceeding five times or net asset value exceeding 100 times the HKHS's prevailing Application Waiting List Income Limit are required to surrender their rental flats. If tenants have no domestic property in Hong Kong, and their total household income and net asset value are below the prescribed levels, they may continue to live in PRH and pay the corresponding rent according to their household income level¹⁵.

2.19 The procedures and arrangements for declaration of income and assets in April every year are set out in **Table 3**:

¹⁵ Households with income exceeding 2 times but not more than 3 times the prevailing "HKHS Waiting List Income Limits" are required to pay 1.5 times rent; households with income exceeding 3 times but not more than 5 times are required to pay double rent or market rent, whichever is lower.

Table 3: HKHS's procedures and arrangements for declaration of income and assets in April every year

Month	Procedures and arrangements
Apr	EMO to issue a letter requiring relevant tenants to declare their income for the year ending 31 Mar and asset value on the same day. Declaration form to be completed by 31 May.
May	Tenants to return completed declaration form to the respective EMO.
May to Dec	EMO to preliminarily vet declaration forms before passing to the Central Audit Team (“CAT”) for assessment and approval. If suspected cases are identified, EMO to clarify with the tenants concerned and seek further information or supporting documents, or to pass the cases by end-Aug to CAT for in-depth investigation.
Jun to Jan next year	Tenants to take the oath regarding the particulars furnished under the laws of Hong Kong. For households selected to make declarations separately, each member aged 18 or above is required to take the oath regarding the declaration form completed. CAT to notify EMO of its final assessment after completion of oath-taking.
Early next year	EMO to inform tenants of assessment results: by Jan next year, for tenants required to vacate their flats by 31 Mar or pay 1.5 times, double or market rent (whichever is lower). by Feb next year, for tenants eligible to continue renting their flats and pay original rent from 1 Apr.

2.20 Moreover, tenants having lived in HKHS rental estates for five years are required to declare any domestic property ownership in Hong Kong. The declaration procedures begin in September every year. After the initial declaration of domestic property ownership, they are required to make the declaration again in April every year upon another five years of residence (i.e. after continuous residence for ten years). The first batch of 11 households having accumulated five years of residence after

implementation of the WTP were required to declare domestic property ownership in Hong Kong in September 2023. The relevant procedures and arrangements are set out in **Table 4**. (Due to the enhanced WTP implemented by HKHS in April 2024, declaration cycles were aligned to begin in April every year. Accordingly, the declaration cycle for the 11 tenants originally scheduled for September 2023 was deferred to April 2024.)

Table 4: HKHS's procedures and arrangements for tenants' declaration of domestic property ownership in Hong Kong

Month	Procedures and arrangements
Apr	EMO to issue a letter requiring relevant tenants to declare their domestic property ownership in Hong Kong as at 30 Apr. Declaration form to be completed by 31 May.
May	Tenants to return completed declaration form to the respective EMO.
Jun to Jul	EMO to preliminarily vet declaration forms before passing to CAT and the Land Registry (“LR”) for data matching and verification, thereby revealing any domestic property ownership of tenants in Hong Kong through land search.
Aug to Dec	CAT to notify EMO of the land search results.
Early next year	EMO to inform tenants of assessment results.

2.21 Under the WTP, the following households are exempt from declaring their income, assets and domestic property ownership in Hong Kong:

- (1) all members aged 60 or above;
- (2) all members receiving CSSA;
- (3) all members receiving Disability Allowance from SWD; or
- (4) all members in different combinations of (1), (2) or (3) above.

3

STRATEGIES OF HKHA AND HKHS IN COMBATING ABUSE

3.1 Both HKHA and HKHS adopt multi-pronged and risk-based measures to combat PRH abuse, including:

- (I) Preventive detection: monitoring the occupancy status of tenants through daily estate management, routine home visits of all PRH tenants, and vetting of applications and declarations they submitted;
- (II) Investigation: spot checks of different types of tenants, and in-depth and thorough investigation into complaints, reports or referrals from estate management staff and other government departments;
- (III) Publicity and education: reminding tenants not to abuse public housing resources and encouraging the public to report suspicious cases through publicity and advertising via various media, estate newsletters, circulars, posters, banners, etc.

(I) PREVENTIVE DETECTION: (A) DETECTING PRH ABUSE THROUGH DAILY ESTATE MANAGEMENT

HD and HKHS

3.2 Estate management staff detect any PRH abuse through daily performance of management duties, such as regular patrolling and checking for false statements when vetting various applications and declarations submitted by tenants.

(I) PREVENTIVE DETECTION: (B) ROUTINE HOME VISITS

HD

3.3 HD conducts home visit surveys based on a two-year cycle beginning on 1 November. Estate management staff (including Housing Officers, Assistant Housing Managers and Housing Managers) prioritise cases for home visits based on “case characteristics”. Within each cycle, they are required to visit around 60%¹⁶ of cases and complete all “special attention cases”, such as tenants who have not returned the declaration form on occupancy status and domestic property ownership in Hong Kong by the specified deadline, and households solely consisting of elderly members aged 70 or above (i.e. “all elderly households”). HD regularly reviews and revises the case types¹⁷ according to the policies and measures updated from time to time. Any cases not completed within the current cycle must be visited in the subsequent cycle. In other words, each household will be visited at least once in the span of two cycles (i.e. four years).

3.4 Regarding the specific work for home visits and handling of suspected abuse cases, HD has drawn up the Estate Management Division Instruction guiding frontline staff to conduct home visits and follow-up investigation. Details are elaborated in **chapter 4** of this report.

3.5 During the COVID-19 epidemic, various government departments (including HD) temporarily provided only emergency and essential public services under special work arrangements. To control infections by minimising contacts and social distancing, HD estate management staff suspended routine home visits¹⁸.

¹⁶ Under the new measures implemented by HKHA since October 2023, after admission to PRH, tenants are required to submit the declaration form on occupancy status and domestic property ownership in Hong Kong biennially. As the new measures are effective for detecting high-risk cases and tenants have a legal liability to declare their occupancy status, since December 2023, the percentage of “special attention cases” based on “case characteristics” to be completed within each home visit cycle has been lowered from 70% to 60%.

¹⁷ In December 2023, HKHA reviewed and revised the cases based on “case characteristics”, with the number of case types reduced from 12 in 2021 to five.

¹⁸ HD estate management staff suspended routine home visits during the periods from 24 March 2020 to 14 June 2021, and from 12 January to 31 May 2022.

3.6 HD provides regular training for estate management staff to enhance their understanding of current policies and case handling skills. In 2023, HD held two training sessions on home visit surveys, explaining the types of cases that must be completed within a home visit cycle. Through case sharing, staff were briefed on how to use the mobile device during home visits, and the points to note and techniques for home visit surveys were reinforced. HD also held training sessions in February and August 2024, with the training materials for home visits updated to incorporate the new measures against PRH abuse.

HKHS

3.7 HKHS staff conduct regular (every 24 to 36 months) or surprise home visit surveys at different times according to actual circumstances. Regarding the specific work for home visits and handling of suspected abuse cases, HKHS has drawn up guidelines instructing frontline staff how to conduct home visits and follow-up investigation. Details are elaborated in **chapter 4** of this report. Figures of PRH abuse cases detected by HKHS estate management staff through home visits or routine patrols over the past six years are listed in **Table 5**:

Table 5: PRH abuse cases detected by HKHS estate management staff

Year	No. of abuse cases detected by estate management staff
2018	4
2019	11
2020	14
2021	22
2022	20
2023	101
Total	172

(II) INVESTIGATION: HANDLING COMPLAINTS OR REPORTS ABOUT PRH ABUSE

HD

3.8 Upon receiving reports or referrals of PRH abuse (including reports received and referred by the PHRM), estate management staff will register the cases in the Complaints and Requests Management System¹⁹ and conduct preliminary investigation. After completing the preliminary investigation, estate management staff will submit the investigation results and recommendations (including case closure or necessary follow-up actions) to the estate's Housing Manager or Assistant Housing Manager for approval. For complaints or reports of suspected abuse cases referred by the PHRM, estate management staff must also notify the PHRM of the investigation results for records and ensuring proper completion of all cases.

3.9 Figures of reports received by HD and cases substantiated over the past seven years are set out in **Table 6**:

Table 6: Reports of PRH abuse received by HD and cases substantiated after investigation (2017/2018 to 2024/2025)

Year	No. of complaints or reports of PRH abuse	No. of cases substantiated	Percentage
2017/18	6,295	179	3%
2018/19	6,804	175	3%
2019/20	6,264	227	4%
2020/21	6,249	190	3%
2021/22	6,538	158	2%
2022/23	7,265	179	2%
2023/24	5,684	370	7%
2024/25 (As at Nov)	6,796	326	5%

¹⁹ The Complaints and Requests Management System is not equipped with the function of issuing warnings. If a case of PRH abuse is identified after preliminary investigation, estate staff will refer the case to the PHRM for in-depth investigation. The PHRM will flag the case in the Domestic Tenancy Management Sub-system, reminding estate management staff to be extra vigilant if the tenant concerned applies for or deals with other housing benefits.

HKHS

3.10 All reports of PRH abuse are preliminarily investigated and handled by the respective EMO under HKHS. If a case involves the tenant's income, assets or domestic property ownership in Hong Kong and the EMO still has doubts after investigation, it will be referred to the CAT for in-depth investigation. Other abuse cases relating to occupancy status will be handled by the respective EMO. Figures of reports received by HKHS and cases substantiated over the past six years are set out in **Table 7**:

Table 7: Reports of PRH abuse received by HKHS and cases substantiated after investigation

Year	No. of complaints or reports of PRH abuse	No. of cases substantiated	Percentage
2018	28	2	7%
2019	25	7	28%
2020	19	4	21%
2021	44	7	16%
2022	39	5	13%
2023	85	15	18%

FOLLOW-UP WORK BY ESTATE MANAGEMENT STAFF AGAINST SUSPECTED ABUSE CASES

HD

3.11 After detecting suspected cases through daily estate management and routine home visits, or receiving complaints or reports of PRH abuse, HD estate management staff will conduct preliminary investigation. Cases with *prima facie* evidence will be referred to the PHRM for in-depth investigation. If estate management staff learn that all authorised persons have passed away or the flat has been abandoned, they will recover the flat without referring the case to the PHRM for investigation.

3.12 For suspected cases relating to occupancy status, such as non-occupation (not regularly and continuously residing in the flat for over three months), subletting or reletting (with or without rental income), engaging in illegal activities inside the flat (e.g. gambling, possession of drugs or illicit items), and non-domestic usage (e.g. commercial activities or storage), false declaration or concealment of marital or household status, estate management staff will verify the occupancy status of tenants through surprise home visits. If they meet the tenant during home visits and find that the flat is occupied normally, while confirming that the tenant has not committed any breach or abuse, these cases do not need to be referred to the PHRM for in-depth investigation. Separately, if estate management staff discover changes in the family not involving PRH abuse, such as the death, marriage or moving out of family members, these cases do not need further action by the PHRM either.

3.13 As regards suspected cases relating to income and assets declaration, such as false statements of income or assets, estate management staff will scrutinise the declaration forms submitted by tenants, including checking whether the information submitted is complete and accurate, any discrepancies as compared with past declarations and records of the EMO, thereby detecting any false statements and assessing whether the tenants are still eligible for PRH and the level of payable rents. If estate management staff suspect a tenant to have falsely declared income and assets or owned domestic properties in Hong Kong, the case will be referred to the PHRM for in-depth investigation.

3.14 After thorough investigation, if a tenant is found to have understated income and assets but has no prior records of abuse and has not gained any actual or potential benefits from the false statement (i.e. the continuous eligibility for PRH or the level of payable rent is not affected), the PHRM will return the case to the respective estate. Estate management staff will handle it according to the Estate Management Division Instruction, i.e. after approval by the estate's Housing Manager, the tenant will not be prosecuted, but will be issued a warning letter and placed on the watch list. Estate management staff will close the case after meeting with the person or tenant concerned and issuing the warning letter. However, if the EMO discovers that the same tenant makes a false statement again, the case will be referred directly to HD's Cautioned Statement Team within 2 to 14 working days from the "date of discovery" for further action, subject to the prosecution time limit²⁰.

²⁰ Within 2 years after the commission of the offence or within 6 months after the discovery thereof by an authorised officer, whichever period expires first.

HKHS

3.15 Upon identifying suspected cases of PRH abuse, EMO staff of HKHS will investigate the cases according to the internal operational manual on breach of tenancy terms, and report the investigation results to the headquarters using the designated forms. When handling different types of abuse (see **Table 8**), the EMO generally requires tenants to rectify the situation within the time frame specified in the operational manual or surrender the flat. If tenants fail to rectify the situation without reasonable excuse, or are unreachable despite various attempts to contact them, the EMO will consider issuing NTQ to recover the flats after the third warning letter. The follow-up actions taken by HKHS against substantiated cases of PRH abuse are set out in **Table 8**:

Table 8: HKHS's follow-up actions against substantiated cases of PRH abuse

Stage	Type of PRH abuse	
	<ul style="list-style-type: none">Non-occupationEngaging in illegal activities inside the flatNon-domestic usageFalse declaration	Subletting or reletting
Investigation/home visit	To conduct investigation or home visit within one month upon receipt of complaint or report, or discovery of suspected abuse.	
Written confirmation of abuse	Within one week after the abuse is substantiated, to issue a letter to the tenant to confirm the situation of abuse and specify a time frame for rectification.	
First warning letter	If the tenant fails to rectify the situation, to issue a warning letter and specify a time frame for rectification.	
Second warning letter	If the tenant still fails to rectify the situation, to issue a warning letter and specify a time frame for rectification.	
Third warning letter	If the tenant still fails to rectify the situation, to issue a final warning letter and consider issuing an NTQ to the tenant.	

3.16 Regarding cases of PRH abuse, HKHS adopts a stringent and pragmatic approach and people-oriented principles to achieve reasonable and proper balance. Discretion will be exercised based on relevant policies and the actual circumstances of tenants. For example, amid the recurring surges of epidemic in Hong Kong between late 2019 and 2022, some tenants who had left the territory and not resided in their flats were unable to return promptly due to health condition and the travel restrictions and quarantine measures imposed by various governments. Moreover, HKHS will consider exercising discretion in isolated cases with health reasons or other exceptional circumstances if tenants can provide adequate and reasonable supporting documents.

ENFORCEMENT WORK BY DEDICATED TEAMS

HD’s Public Housing Resources Management Sub-section

3.17 The PHRM is a dedicated team responsible for coordinating the efforts against PRH abuse. Its main duties include in-depth investigation into suspected cases of PRH abuse or false declaration referred from estates. The PHRM also proactively detects abuse cases, including spot checks on various types of tenants (covering cases relating to “occupancy status” and “income and assets declaration”) for stringent investigation, follows up on reports and media coverage of PRH abuse, and initiates publicity and education campaigns against PRH abuse.

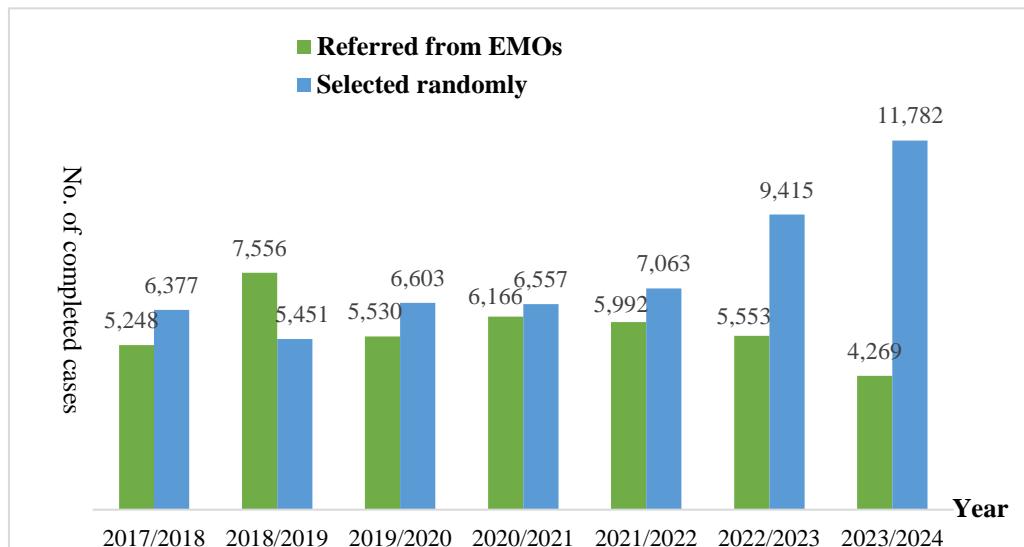
3.18 The PHRM adopts a risk-based approach for in-depth investigation into suspected cases of PRH abuse and monitors the follow-up actions, with in-depth investigation into no fewer than 10,000 cases relating to “occupancy status” and “income and assets declaration” each year. For general cases, the PHRM aims to complete investigation within four months. If completion on time is barred by special circumstances, investigators must seek extension from superiors before the deadline with specified reasons. Additionally, the Cautioned Statement Team under the PHRM is dedicated to interviewing and taking statements with persons suspected of false declaration, and then referring these cases to the Prosecution Team. The PHRM monitors the process of each case, including the prosecution time limit, to set case priority.

3.19 Comprised of staff from HD’s Housing Manager rank, the PHRM currently has approximately 70 staff responsible for investigation of cases relating to

“occupancy status”, 40 staff for cases relating to “income and assets declaration”, and 20 staff for taking cautioned statements. All staff assigned to the PHRM are experienced and knowledgeable in estate management. HD regularly provides proper training and courses for them, including professional training and seminars offered by other law enforcement authorities. Additionally, the PHRM regularly holds review sessions, workshops and thematic seminars to strengthen internal training and deepen frontline staff’s understanding of estate management, investigation process and enforcement operation, thereby improving the efficiency of combating PRH abuse.

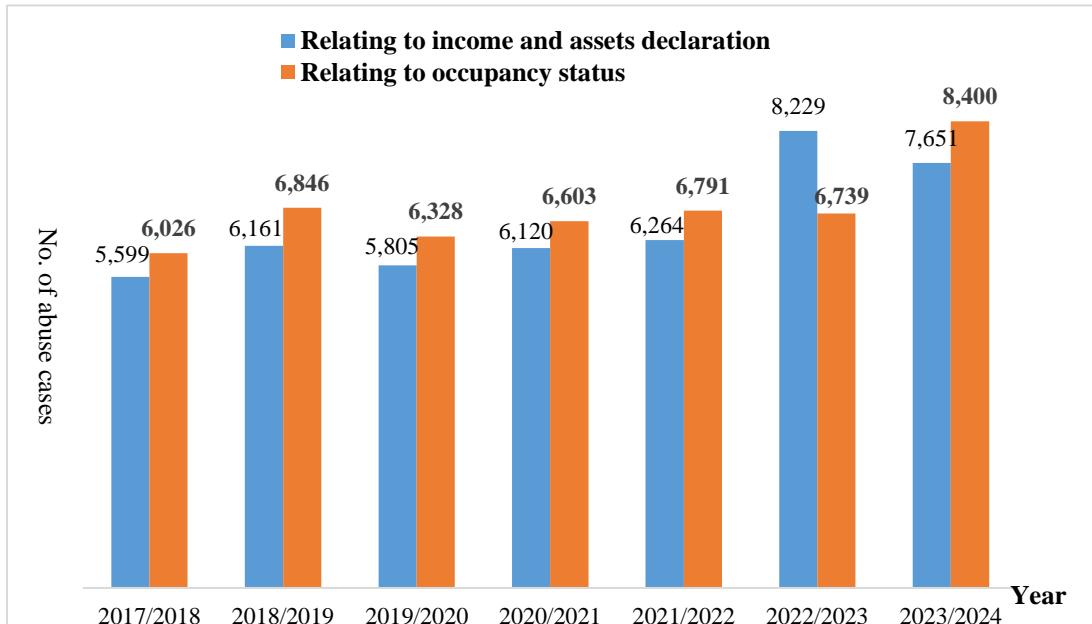
3.20 Statistics on in-depth investigation of suspected abuse cases completed by the PHRM over the past seven years, broken down by source and nature of cases, are set out in **Figures 1 and 2**:

Figure 1: Suspected cases of PRH abuse with in-depth investigation completed by PHRM (breakdown by source of cases) (2017/2018 to 2023/2024)



Year	Total	Percentage of cases referred from EMOs
2017/2018	11,625	45% (5,248)
2018/2019	13,007	58% (7,556)
2019/2020	12,133	46% (5,530)
2020/2021	12,723	48% (6,166)
2021/2022	13,055	46% (5,992)
2022/2023	14,968	37% (5,553)
2023/2024	16,051	27% (4,269)
2024/2025 (As at Nov)	14,260	29% (4,117)

**Figure 2: Abuse cases with in-depth investigation completed by PHRM
(breakdown by nature of cases)
(2017/2018 to 2023/2024)**



In-depth Investigation into Suspected Abuse Cases Relating to Occupancy Status

3.21 As non-occupation is defined as “not regularly and continuously residing in the flat for over three months” (see **para. 2.2**), the PHRM generally takes at least three months to complete home visit surveys for cases relating to occupancy status. The PHRM can complete home visit surveys in less than three months if, upon receiving a case for in-depth investigation, it already has proof that all authorised persons listed in the tenancy agreement have been absent from Hong Kong continuously for more than three months.

3.22 Investigators will examine information in the files of tenants to understand their family background and particulars furnished, and formulate investigation strategies according to the nature and complexity of each case.

3.23 Where necessary, the PHRM will request information about tenants from government departments (including but not limited to the Immigration Department (“ImmD”)), relevant organisations (such as residential care homes for the elderly) and the employers of tenants. If there are reasonable suspicions of PRH abuse after preliminary investigation, the PHRM will request relevant departments and

organisations to give a written reply with the tenant's information in their possession pursuant to section 58(2) of the Personal Data (Privacy) Ordinance²¹.

In-depth Investigation into Suspected Abuse Cases Relating to Income and Assets Declaration

3.24 The tenant and all family members aged 18 or above listed in the declaration form on income and assets are required to sign the form to indicate their knowledge of, consent to and compliance with the terms therein. In particular, when processing their declaration, HKHA may collect their personal data from other relevant government departments, public or private organisations, or any third parties (such as employers) in possession of their personal data for verification. During the data collection process, HKHA may disclose their personal data contained in the declaration form to those organisations or third parties. At the same time, they authorise those organisations or any third parties in possession of their personal data to furnish HKHA with their personal data for vetting their declaration. The PHRM will conduct in-depth investigation into suspected cases of false declaration referred from estates, and collect information about tenants from relevant third parties based on the written consent given by tenants in the declaration form. On the other hand, if there are reasonable suspicions of false declaration after preliminary investigation, the PHRM can request relevant departments and organisations to give a written reply with the tenant's information in their possession pursuant to section 58(2) of the Personal Data (Privacy) Ordinance.

3.25 Given the variety of assets and investment products available nowadays, the circumstances of each tenant are distinctive. When handling each suspected case of PRH abuse, the PHRM would examine the tenant's file, the particulars furnished and relevant documents. Investigation by all feasible means would be carried out to verify the tenant's status of income and assets, and to detect any false statements. The in-depth investigation includes but is not limited to:

- (1) Enquiry with LR about any property or land ownership of tenants in Hong Kong;
- (2) Enquiry with the Companies Registry about information of tenants or companies;

²¹ HD stated that a data user disclosing personal data to a third party in such circumstances is not in breach of the Data Protection Principle 3.

- (3) Online search for business registration particulars through the Government-to-Government Platform of the Business Registration Office under the Inland Revenue Department;
- (4) Where necessary, the PHRM will also approach other government departments (e.g. SWD, the Transport Department (“TD”), etc.) and relevant organisations (e.g. employers, specified local banks or financial institutions, insurance companies, etc.) to enquire about essential information and evaluate the financial status of tenants.

3.26 If the PHRM is unable to obtain or access the essential information required or has doubts, it will meet with tenants or relevant family members to ask questions and request relevant information and documents (such as salary proofs, anniversary statements of insurance, bank account balance statements, and asset or property valuation documents). Especially for persons who are business operators or self-employed, the PHRM will request relevant supporting documents (such as company financial statements, profit and loss statements, and documents or receipts related to business income and expenditure) to verify the actual income and assets of tenants.

3.27 If the PHRM receives specific details (for instance, from tip-off or intelligence) about tenants’ ownership of properties or assets outside Hong Kong, it will make enquiries with relevant departments or institutions outside Hong Kong (e.g. overseas banks, the Bureau of Land and Resources, and the Real Estate Registration Centre) and request for information. Where necessary, HD will also request tenants to provide necessary information and documents for calculating relevant income and evaluating such properties or assets. Between April 2021 and the end of November 2022, the PHRM made a total of 45 enquiries with various departments or institutions outside Hong Kong regarding cases with specific details for further investigation (such as property addresses outside the territory provided by informants).

3.28 After in-depth investigation, if the PHRM considers the tenant to have gained actual or potential benefits from false declaration, the case will be referred to the Cautioned Statement Team, which will interview and take statements with the tenant, and coordinate with the EMO to collect statements from witnesses. Where sufficient evidence is available, the case will be referred to the Prosecution Team for further action.

Spot Checks

3.29 Each year, the PHRM selects a random sample of cases for stringent investigation. The exercise covers the entire PRH population of around 800,000 households in Hong Kong, hence tenants from different districts or estates, of different household sizes or compositions or age groups may be spot-checked. As certain types of tenants are pre-defined as high-risk cases of PRH abuse, the PHRM periodically requests the Computer System Support Unit to select a random sample of such cases by computer from the database of tenants for investigation, with a view to verifying the occupancy status of PRH flats and the particulars furnished by tenants.

3.30 For cases relating to “occupancy status”, the types of tenants pre-defined as high-risk mainly include tenants with biennial home visits completed²², approved for “take-over tenancy”, and approved for removal of family members from the tenancy (involving rent reduction). Furthermore, other types of tenants are also spot-checked each year based on circumstances, such as all elderly households, tenants newly admitted, and one-person households (especially those admitted through the Express Flat Allocation Scheme²³). For cases relating to “income and assets declaration”, the types of tenants pre-defined as high-risk mainly include tenants subject to declaration under the WTP; tenants applying for rent assistance, paying original or lower rents, and removal of family members from the tenancy²⁴; and applicants who have passed the detailed vetting stage but yet to be allocated PRH.

3.31 Each year, the PHRM carries out in-depth investigation into no fewer than 10,000 cases relating to “occupancy status” and “income and assets declaration”, of which around 6,000 cases are randomly selected.

²² To prevent these households from taking the chance of PRH abuse relating to occupancy status, assuming that HD will not visit them again in the next two to four years after completion of home visits. Consequently, HD will spot-check this type of tenants for the sake of deterrence.

²³ Subject to the availability of housing resources, the Express Flat Allocation Scheme is launched every year to give eligible applicants an earlier chance of PRH allocation of a flat of their own choice. Most flats available under the scheme are less popular in nature. Applicants can select a flat from any districts, but the number of family members in their PRH application must match the allocation standard of the flat selected from the list of available flats.

²⁴ To prevent family members from continuously residing in the flat despite removal of their names from the tenancy, thereby circumventing the vetting of income and asset limits.

HKHS's Central Audit Team

3.32 The CAT of HKHS conducts in-depth investigation into suspected cases of PRH abuse. The CAT probes deep into suspected cases referred from the EMOs and tenants who are covered by the WTP and randomly selected by computer according to the WTP operational guidelines. It will conduct land search at LR to verify tenants' property ownership in Hong Kong and write to licensed banks to obtain their account information. It also makes enquiries with TD, the Companies Registry or insurance companies based on the particulars furnished in specific cases.

Spot Checks

3.33 The CAT probes deep into tenants covered by the WTP randomly selected by computer. During the five declaration years since the implementation of the WTP, i.e. between April 2019 and April 2023, two out of three randomly selected households²⁵ were confirmed to have no domestic property ownership in Hong Kong by their family members aged 18 and above, and the results of written enquiries with licensed banks were satisfactory. The third household did not submit the required documents and voluntarily surrendered the flat.

(III) PUBLICITY AND EDUCATION

3.34 The PHRM of HD coordinates promotional and educational activities every year (such as distributing abuse report aerogrammes, displaying posters and banners in PRH estates, broadcasting videos and text messages on the Housing Channel, advertising on public transportation and outdoor billboards, and launching online advertisements or games), and disseminates messages about rational use of PRH resources to the public and residents through HKHA website, radio, and estate newsletters. Multiple channels are established to facilitate and encourage reporting of suspicious cases.

3.35 HKHS similarly reminds tenants not to abuse PRH resources through estate newsletters, estate notices and advertisements.

²⁵ Since the WTP was implemented in 2018, the percentage of tenants covered by the WTP was low, while 2% of the tenants required to make declaration after admission to HKHS rental estates for ten years were spot-checked. As a result, only two households were spot-checked over four declaration years.

STANDING NOTIFICATION MECHANISMS BETWEEN HD AND OTHER GOVERNMENT DEPARTMENTS

3.36 In addition to the measures mentioned above, other government departments, including the Hong Kong Police Force, the Independent Commission Against Corruption and SWD, also refer cases from time to time, alerting HD of such PRH abuse as use of the flat for unlawful purposes (e.g. possession of drugs or illicit items) and illegal activities of PRH tenants (e.g. false statement of income or concealment of assets). Under the notification mechanism in place between HD and the Customs and Excise Department, HD will be notified of cases convicted for possession of illicit cigarettes involving PRH flats, so that it can follow up on the breaches of PRH tenants and take proper action.

3.37 HD has also established notification mechanisms with SWD and ImmD long ago, under which the two departments will provide HD with information of tenants regularly or on a case-by-case basis.

Notification Mechanism with SWD

3.38 Under the notification mechanism between HD and SWD in place since April 1999, SWD will notify HD on a monthly basis of the personal data of elderly persons (including PRH tenants and otherwise) admitted to subsidised residential care places for verification of tenancy. Under this mechanism, applicants for subsidised residential care service must give written consent for SWD to disclose their personal data to HD for verification of tenancy after their admission to subsidised residential care places. Upon receiving the data, HD will forward the records to the respective EMO. EMO staff will verify the data and confirm the occupancy status of tenants. Depending on the decision of elderly tenants (whether they ultimately accept the subsidised residential care places) and the tenancy status of flats (whether the elderly tenants are living alone or with other family members), EMO staff will take proper action (such as recovering the flat, deleting the tenant's name from the tenancy, or allowing a family member to take over tenancy), and inform the relevant sections under HD of the follow-up results to update the monthly record reports.

3.39 Figures of cases of elderly persons with personal data provided by SWD to HD under the above mechanism between 2017 and March 2024 are set out in **Table 9**:

Table 9: Cases of elderly persons admitted to subsidised residential care places with personal data provided by SWD to HD between 2017 and March 2024

Year	No. of cases
2017	11,096
2018	10,988
2019	12,876
2020	12,376
2021	15,676
2022	16,665
2023	20,110
2024 (Jan to Mar)	4,506

3.40 Separately, eligible Hong Kong residents who choose to relocate to Guangdong Province and Fujian Province can apply for SWD's social security allowance under the Guangdong Scheme and the Fujian Scheme²⁶ respectively. In the case of PRH tenants, they are required to surrender their PRH flat or delete their name from the tenancy²⁷ before departing from Hong Kong. Before introducing these two schemes, SWD has established a notification mechanism with HD. According to the provisions, applicants who decide to leave Hong Kong and reside in Guangdong or Fujian on a long-term basis should inform HD and serve a notice to surrender their PRH flat or request for deleting their name from the tenancy. Besides, applicants should authorise SWD to inform HD of their decision to leave Hong Kong to facilitate HD's proper follow-up action. Together with the written authorisation signed by applicants, SWD will send a memo to inform HD of their departure from Hong Kong and decision

²⁶ The Guangdong Scheme and the Fujian Scheme were introduced on 1 October 2013 and 1 April 2018 respectively, under which SWD provides monthly allowance to each eligible recipient.

²⁷ If applicants voluntarily surrender their PRH flat, HKHA will issue a Letter of Assurance ("LA") upon their request when recovering the PRH flat, provided that there is no breach of tenancy agreement. The LA serves to ensure that HKHA will allocate a refurbished PRH flat to the applicants, subject to availability of resources, in the event of their return to HK for good and redemption of the LA if they fulfill the prevailing eligibility criteria for PRH application and the conditions specified in the LA. If applicants delete their own name from the tenancy but their family members continue to live in the PRH flat, they can apply for a Letter of Reinstatement. In the event of their return to HK for good, subject to the prevailing housing policies, HKHA will reinstate them as authorised member under the tenancy, provided that the tenancy of the flat concerned is still valid by the time of redemption.

to surrender their PRH flat or delete their name from the tenancy. HD will also respond to SWD to confirm receipt of the memo and take follow-up action.

3.41 All along, HD has made enquiries with SWD's Social Security Branch for the information of individual tenants relating to social security assistance on a need basis. Depending on the complexity of enquiries, SWD typically gives HD a substantive reply within 30 calendar days upon receipt. Figures of the enquiries of HD made with SWD for the information of tenants relating to social security assistance between 2021 and 2023 are set out in **Table 10**:

Table 10: Enquiries of HD made with SWD between 2021 and 2023

Year	No. of enquiries
2021	1,750
2022	1,994
2023	2,929

Notification Mechanism with ImmD

3.42 Since 1995, ImmD and HD have in place a notification mechanism regarding death registration records. Under which, ImmD sends all death registration information from the previous month to a specific email address of HD via encrypted email on a monthly basis. This information includes the date of death registration, and the deceased's name in English and Chinese character code, gender, identity card number, date of death, age at death, and date of birth. Upon receiving this information, HD forwards records of deceased PRH residents to the respective EMO for staff to verify the information of tenants, confirm the situation with tenants, and take proper follow-up action based on tenancy status (such as recovering the flat, deleting the tenant's name from the tenancy, or allowing a family member to take over tenancy).

3.43 Figures of death registration records notified by ImmD to HD between 2017 and March 2024 are set out in **Table 11**:

Table 11: Death registration records notified by ImmD to HD

Year	No. of records
2017	46,063
2018	47,400
2019	48,222
2020	50,664
2021	51,009
2022	61,974
2023	56,334
2024 (As at Mar)	14,260

3.44 Meanwhile, HD will request ImmD²⁸ to provide individual tenants' registration of persons records, immigration records, marriage registration records and death registration records. Generally, ImmD gives a reply within one to four weeks upon receiving the request from HD. A breakdown of relevant information provided by ImmD to HD upon request is set out in **Table 12**:

Table 12: Records of tenants provided by ImmD to HD

Year	No. of registration of persons records	No. of marriage registration records	No. of death registration records	No. of immigration records ^{Note 1}
2017	1,860	537	2,146	/
2018	2,273	507	2,808	/
2019	1,830	686	2,827	/
2020	1,331	608	2,666	/
2021	2,643	894	3,637	/

²⁸ Section 11 of the Registration of Persons Ordinance stipulates that ImmD's registration officer shall not disclose or supply a copy of the records kept by the Commissioner on particulars furnished to a registration officer under this Ordinance, except and unless with the written permission of the Chief Secretary for Administration (referred to as "statutory written permission"). Since 2003, ImmD has obtained statutory written permission to disclose the relevant registration of persons records to HD under section 58 of the Personal Data (Privacy) Ordinance for investigating and verifying cases of PRH abuse.

Year	No. of registration of persons records	No. of marriage registration records	No. of death registration records	No. of immigration records ^{Note 1}
2022	3,202	655	5,123	4,536 (Feb to Dec)
2023	4,831	1,546	6,079	13,905
2024 (Jan to Mar)	1,030	180	2,053	2,368

Note 1: No statistics were maintained on the immigration records requested by HD from ImmD before February 2022.

STANDING NOTIFICATION MECHANISM BETWEEN HKHS AND OTHER GOVERNMENT DEPARTMENT

Notification Mechanism with ImmD

3.45 Since October 2005, HKHS and ImmD have established a notification mechanism regarding death registration records. Under which, ImmD sends information about deceased residents of HKHS rental estates from the previous month to HKHS on encrypted CD on a monthly basis. This information includes the date of death registration, and the deceased's name in English and Chinese character code, gender, identity card number, date of death, age at death, and date of birth. Upon receiving this information, HKHS forwards it to the respective EMO for staff to verify the information of tenants, confirm the situation with tenants, and take proper follow-up action based on tenancy status (such as recovering the flat, deleting the tenant's name from the tenancy, or allowing a family member to take over tenancy). The follow-up results are then updated in the monthly record reports. Figures of death registration records notified by ImmD to HKHS between 2017 and March 2024 are set out in **Table 13**:

Table 13: Death registration records notified by ImmD to HKHS

Year	No. of records
2017	801
2018	797
2019	925
2020	1,067
2021	1,146
2022	1,496
2023	1,210
2024 (As at Nov)	1,079

3.46 Separately, HKHS may request information of tenants from ImmD, such as immigration records, depending on circumstances and investigation needs. Generally, ImmD will respond on a case-by-case basis after receiving HKHS's enquiries and the relevant documents.

4

ROUTINE HOME VISITS

4.1 As mentioned in **paragraphs 3.3 to 3.7**, HD and HKHS have in place a mechanism of routine home visits to ensure the rational use of public housing resources, understand the occupancy status of tenants (including any illegal activities they engage in; whether the flats are used for domestic purposes, kept clean and hygienic; and any breach of tenancy terms), and ensure timely handling of tenancy or rental matters in the case of any changes in occupancy status. During home visits, the authorities can also check whether the fixtures and fittings inside the flats are in good condition of repair and maintenance, and strengthen the relationship between landlords and tenants.

ROUTINE HOME VISITS CONDUCTED BY HD

4.2 In November 2008, HD introduced a biennial mechanism of routine home visits, with each cycle beginning in 1 November. Home visits are conducted by Housing Officers, Assistant Housing Managers and Housing Managers of the respective EMO²⁹. According to the Estate Management Division Instruction, estate management staff are required to visit tenants unannounced. Staff have to justify home visits by appointment due to special circumstances (for example, if the tenant is visually impaired and living alone, or all family members of the flat work irregular hours), and input the reasons in the Mobile Application System for Housing Management when they conduct home visit surveys for endorsement by Assistant Housing Manager via the system. HD will not accept phone calls, online meetings or written declarations as substitutes for home visits. Apart from home visits during office hours, HD also has dedicated teams conducting home visits outside office hours (i.e., before 8 am or after 8 pm, or on Saturdays, Sundays and public holidays).

4.3 HD prioritises cases based on “case characteristics” for home visits, requiring the EMOs to complete all “special attention cases” (see **para. 3.3**) in each cycle. These cases are further divided into “urgent home visit cases” and “priority

²⁹ For PRH estates with management outsourced, home visits are conducted by TMO staff of HD.

home visit cases”, while all “urgent home visit cases” are to be completed within three months. Housing Managers or Assistant Housing Managers of each estate set monthly home visit targets for subordinate Housing Officers and regularly monitor each Officer’s progress in meeting these targets. Cases not completed within the current cycle (which are not “special attention cases”) will be prioritised along with the other “special attention cases” in the next cycle. Consequently, each household will be visited at least once in the span of two cycles (i.e. four years).

ROUTINE HOME VISITS CONDUCTED BY HKHS

4.4 According to its operational guidelines on home visits, HKHS is required to proactively visit tenants every 24 to 36 months. Each EMO receives a monthly list of tenants whom have not been visited for over 24 months and within the first four months of intake. The estate’s officer-in-charge will instruct the relevant officers to conduct home visits in order, starting with the case with the longest time span since the previous visit.

PREPARATION BEFORE HOME VISITS

HD

4.5 To facilitate home visit surveys, staff use a touchscreen mobile device together with the Mobile Application System for Housing Management to conduct home visit surveys. Prior to the visits, staff must download the details of authorised persons listed in the tenancy agreement (such as their names, genders, ages, and Hong Kong Identity Card numbers) from the Mobile Application System onto the touchscreen mobile device to facilitate verification of the identity of PRH residents during the visits.

HKHS

4.6 Prior to home visits, officers will review the details of households to understand the number of family members and their circumstances. For households with special circumstances (such as members with mental health needs), officers will notify the manager to arrange for an additional staff member to visit together, and the building security will be informed of the flat to be visited and the estimated time required.

CONDUCTING HOME VISITS

HD

4.7 HD has drawn up relevant guidelines, workflow, checklists and points to note for estate management staff regarding the work of home visits. According to the guidelines, upon arriving outside the flat and someone answering the door, staff must first show their staff identification badges and introduce themselves. When entering the flat for the survey, staff will request the tenant to present identification for verification. Staff will compare the tenancy information provided by the tenant against the computer records downloaded onto the mobile device. Apart from verifying the tenancy information and occupancy status, staff will carefully observe the flat's internal condition for any matters that may require follow-up action.

HKHS

4.8 HKHS has drawn up relevant guidelines, workflow and “Suggested Scripts and Points to Note for Home Visits” for EMO staff. During home visits, officers must carry their identification badges, home visit records, and tenancy cards. Officers are required to conduct the visit according to the “Suggested Scripts and Points to Note for Home Visits”.

4.9 According to the guidelines, upon arriving outside the flat and someone answering the door, staff must first show their staff identification badges and introduce themselves. When entering the flat for the survey, staff will explain the purpose for collection and use of the tenant's personal data, and request the tenant to present identification for verification. Apart from verifying the tenancy and personal information and enquiring about the occupancy status, staff will carefully observe the domestic equipment inside the flat, check for any breach of tenancy terms and any repairs needed. If any changes in the family are discovered (such as birth, death, marriage or moving out of family members), staff will follow up with the tenant on the tenancy matters.

4.10 If encountering non-tenants in the flat, officers must ask their relationship with the tenant and request them to present identification. Besides, officers should enquire the whereabouts of the tenant and other family members.

4.11 After the home visit, officers must complete the home visit report within two weeks and update the computer records. If repairs are required for any items, officers should issue a works order to the repair worker or a memo to the maintenance officer. If follow-up action is required for any tenancy matters or PRH abuse, officers should take action or report to the estate's officer-in-charge.

UNSUCCESSFUL HOME VISITS

HD

4.12 If no one answers the door during home visit surveys, staff will record the situation in the Mobile Application System for Housing Management and arrange to visit again. Where necessary, staff will visit outside office hours (i.e. before 8 am or after 8 pm, or on Saturdays, Sundays and public holidays) to investigate suspected cases of PRH abuse. For unsuccessful cases despite multiple visits, staff will attempt to contact the tenant for further investigation or follow-up action, including referring the cases to the PHRM for in-depth investigation after collecting and confirming *prima facie* evidence.

HKHS

4.13 After two unsuccessful home visits during office hours, officers will issue a letter (Letter 1) to the tenant to schedule a home visit. If a date is confirmed with the tenant, officers will issue a confirmation letter (Letter 2). If the tenant misses the appointment, officers will issue a letter (Letter 3) to reschedule the home visit. If there is still no contact from the tenant two weeks after issuing Letter 1, officers must follow up by issuing an invitation letter (Letter 4) to schedule a meeting with the tenant. If PRH abuse is suspected, officers must follow up according to the relevant operational guidelines (see **para. 3.7**).

MONITORING OF HOME VISITS AND REVIEW OF RECORDS

HD

4.14 After staff input the results of home visits on the mobile device, details are uploaded to HD's Mobile Application System for Housing Management for review, spot

check (3% of completed home visits will be randomly selected for revisits) and monitoring by Assistant Housing Managers or Housing Managers. Housing Managers monitor the progress of home visits monthly through reports generated from the Mobile Application System. Senior Housing Managers (District), Regional Chief Managers and Assistant Directors (Estate Management) hold regular staff meetings to oversee estate management matters, during which the progress of home visits will be reviewed through relevant reports. Deputy Director (Estate Management) will also monitor and review the work where necessary.

HKHS

4.15 According to the guidelines, the estate's assistant manager or officer-in-charge is required to endorse each home visit record after review. For home visits conducted by an officer with at least four years of experience working in rental estates, the assistant manager or officer-in-charge only needs to spot-check the home visit records. If any irregularities are found when reviewing the home visit records, the assistant manager or officer-in-charge may revisit the flat in question to verify the officer's findings.

OUR INSPECTIONS OF HOME VISITS

HD

4.16 In July 2023, this Office inspected the actual situation of home visits conducted by HD in 20 PRH estates, which were selected based on various sources of information about suspected PRH abuse (including cases and views provided by the public, online rental platforms and media reports) and HD's suggestions. Most of the home visits inspected were during office hours (i.e. between 9 am and 5 pm on Mondays to Fridays), except for two inspections outside office hours, i.e. one on a Sunday morning (see **Estate 14 in Table 14, para. 4.17**) and one after 8 pm on a weekday (see **Estate 17 in Table 14**).

4.17 This Office has compiled statistics on the home visit cases in each PRH estate according to the sequence of inspections (see **Table 14**).

Table 14: Specially arranged inspections of routine home visits conducted by HD staff accompanied by our officers

PRH estates under HD	No. of flats visited	No. of successful home visits	Percentage of successful visits over no. of flats visited (%)
Estate 1	35	7	20.0%
Estate 2	19	6	31.6%
Estate 3	19	10	52.6%
Estate 4	25	13	52.0%
Estate 5	30	12	40.0%
Estate 6	14	4	28.6%
Estate 7	28	6	21.4%
Estate 8	16	4	25.0%
Estate 9	32	5	15.6%
Estate 10	13	10	76.9%
Estate 11	17	6	35.3%
Estate 12	16	8	50.0%
Estate 13	17	14	82.4%
Estate 14	31	9	29.0%
Estate 15	18	8	44.4%
Estate 16	8	7	87.5%
Estate 17	18	13	72.2%
Estate 18	22	9	40.9%
Estate 19	27	4	14.8%
Estate 20	48	16	33.3%
Total	453	171	37.7%

Actual Situation of Home Visits

4.18 According to our site inspections, the EMOs generally arranged for uniformed security or management personnel to accompany Housing Officers during home visits, making it easier for tenants to identify the staff members. When officers arrived outside the flat, they would announce “Home visit by HD” and knock on the door or ring the doorbell. If someone answered the door, officers would show their identification badges outside the flat and enter with consent.

4.19 Housing Officers would record the start and end times of the home visit on the mobile device upon entering and leaving the visited flat. A home visit typically took about nine minutes to complete. Inside the flat, officers would verify the identification (such as Hong Kong Identity Card or student handbook with a photo) of each authorised person in the flat against the personal data of family members downloaded beforehand (see **para. 4.5**). Of the 171 successful home visits during our inspections, the EMOs encountered non-tenants in the flats on ten occasions. All these persons identified themselves as friends or relatives of the tenants, but the officers did not verify or record their identity.

4.20 After verification of identity, Housing Officers would inspect the flat’s fixtures and rooms to assess any repair needs and the occupancy status of authorised persons. If officers discovered any suspected breach of tenancy agreement (such as unauthorised dog keeping or alteration of fixtures) or any updates required for tenancy information (such as marriage of the tenant with the spouse moving in, or addition or deletion of family members listed due to birth or death), officers would follow up separately with the tenant.

HKHS

4.21 Between July and August 2023, our officers accompanied HKHS staff to inspect the actual situation of home visits in three of its rental estates. HKHS and this Office visited a total of 24 rental flats, of which 15 visits were completed successfully, including eight scheduled and seven surprise visits. The success rate for home visits (both scheduled and surprise) was 62.5% overall, and 43.8% for surprise visits only. The average duration of HKHS home visits was between 6.5 to 12 minutes. Statistics on home visit cases at each rental estate according to the sequence of inspections are set out in **Table 15**.

Table 15: Our inspections of routine home visits conducted by HKHS

Rental estates under HKHS	No. of flats visited	Successful home visits	
		No. of flats	
		Surprise	Scheduled
Estate 1	7	4	
		2	2
Estate 2	8	5	
		2	3
Estate 3	9	6	
		3	3
Total	24	15	
		7	8

Actual Situation of Home Visits

4.22 As observed during our inspections, estate management officers of HKHS generally adhered to the operational guidelines outlined in **paragraphs 4.8 to 4.11** to complete home visits and record the results.

4.23 Images of home visits conducted by the estate management staff of HD and HKHS accompanied by our officers are set out in **Figure 3**:

Figure 3: Images of home visits conducted by estate management staff



OUR OBSERVATIONS

HD

Low Success Rate of Home Visits

4.24 As shown in **Table 14**, HD visited 453 PRH flats unannounced and successfully completed 171 visits only. Successful visits accounted for less than 40% (or 37.7% more precisely) of the total number of flats visited. The highest success rate (87.5%) was recorded in Estate 16 with many elderly households. In contrast, the lowest success rate (14.8%) was recorded in Estate 19, with the visits primarily conducted in its block of one-person flats. Moreover, the success rate for home visits after 8 pm on weekdays was slightly higher (72% in Estate 17) than during regular office hours, but not necessarily higher on Sunday morning (29% in Estate 14).

4.25 Overall, the success rate of surprise home visits by HD is relatively low. The success rate is affected by such factors as the type of flats, the demographic composition of tenants (such as the household size, age and composition), and the timing of visits. If a home visit is unsuccessful, the EMO would visit again during office hours. If that still fails, a surprise visit outside office hours would be arranged (see **para. 4.12**). HD may need to make multiple attempts before successfully completing a surprise home visit, which is a manpower consuming process.

Low Success Rate in Detecting PRH Abuse

4.26 Among the 282 unsuccessful home visits, most cases were due to no one answering the door. Other unsuccessful cases primarily involved flats with only minors present, or tenants who declined the visit for various reasons, such as inconvenient timing, preparing to go out, or feeling unwell. There were also seven cases with non-tenants present, who declined the visit and explained that they were temporarily caring for young children or the tenant happened to be out.

4.27 Subsequent to our inspections of home visits, this Office selected several cases in which HD did not find any authorised persons at home, suspected changes in the tenancy or needed to confirm the occupancy status, and requested HD to provide records of relevant follow-up work. Upon examining the information from HD, we found the EMOs to have followed up on the home visit findings of July 2023 regarding specific flats, including multiple surprise visits to confirm the occupancy status, and

change the tenancy based on the latest occupancy status of family members. HD's follow-up results showed that the tenants in question had not abused public housing or breached tenancy terms.

4.28 This Office considers that routine home visits can only effectively detect the abuse relating to occupancy status, primarily non-occupation. It is difficult for the EMOs to confirm other types of abuse solely relying on home visits. While believing that most PRH tenants are law-abiding, we cannot rule out that a minority few might intend to evade checks or conceal situation of abuse (such as subletting and reletting, engaging in illegal activities inside the flat, and non-domestic usage). Upon learning of the EMO's home visits, these tenants might take precautions to create the false appearance of compliance with the tenancy terms relating to occupancy status, such that HD cannot find any evidence of PRH abuse.

4.29 Despite successful home visits, Housing Officers can only meet with some of the authorised persons in most cases. They might not have the chance to understand the actual occupancy status of each member, especially whether any of them have moved out. While it does not constitute PRH abuse if authorised persons discontinue to reside in the flat, their names should be deleted from the tenancy. If the remaining members occupy a living space in excess of the established allocation standards, the household will be classified as "under-occupation" and required to move to a flat of gross floor area commensurate with its household size to ensure rational allocation of public housing resources.

Investigation Techniques for Home Visits

4.30 Our officers noticed that investigation methods varied with different Housing Officers. For instance, some officers asked tenants to specify who used each bed, while others merely visually surveyed the number of beds. This Office recognises that estate management staff have to apply appropriate probing skills based on the specific circumstances of each flat during home visits, and apply techniques to thoroughly investigate into suspicious matters on the spot. Hence, when drawing up the guidelines on home visits, HD can only standardise the workflow, checklists, points to note and techniques, rather than stipulate explicit criteria for every aspect of the home visit process. Consequently, the investigation and enquiry techniques of estate management staff can affect the effectiveness of home visits in detecting abuse.

4.31 HD provides regular training for staff, reminding them of the points to note during home visit surveys (see **para. 3.6**). Nevertheless, after examining the training materials, this Office finds its training to have focused on enhancing staff understanding of policies and how to use the mobile device. There is a lack of training on investigation and enquiry techniques.

HKHS

Impact of Scheduled Home Visits on Detecting PRH Abuse

4.32 The home visits arrangements of HKHS differ from HD's (see **para. 4.4**). Its guidelines require staff to write to the tenant to schedule a visit after an unsuccessful surprise visit (see **para. 4.13**). Even if the tenant does not get in touch subsequently, the officer-in-charge of the building would visit in the evening or on weekend merely for the purpose of making an appointment, rather than conducting a surprise home visit on the spot.

4.33 Although the practice of home visits by appointment results in a higher success rate for HKHS (62.5%) as compared with HD's (37.7%), upon learning of the scheduled visits, tenants who intend to evade checks or conceal situation of abuse (such as non-occupation, subletting and reletting, engaging in illegal activities inside the flat, and non-domestic usage) may create the false appearance of compliance with tenancy terms relating to occupancy status. This could impact the effectiveness of detecting PRH abuse by home visits.

4.34 Similar to HD, despite successful home visits, estate management officers could only meet some of the authorised persons in most cases and understand the occupancy status of others through those present. Both HD and HKHS have difficulty discovering information intentionally withheld by tenants. Solely relying on home visits might not be adequate to confirm whether their actual occupancy status complies with the tenancy terms.

Questions Asked during Home Visits not Focusing on Detecting PRH Abuse

4.35 This Office found that during home visits, estate management officers mainly asked tenants about the fixtures of their flats, any need to install an emergency alarm system (commonly known as the Safety Bell), and any maintenance issues with other facilities. The occupancy status of family members was seldom asked, thus failing to serve the purpose of detecting PRH abuse.

CONCLUDING REMARKS

4.36 In sum, while not solely conducted for the purpose of detecting PRH abuse, routine home visits provide a means for HD and HKHS to detect any abuse relating to occupancy status. The effectiveness of home visits largely depends on the investigation methods and techniques of estate management staff and their subsequent actions. Even though estate management staff have conducted routine home visits according to operational guidelines, their success rate of detecting abuse relating to occupancy status is not high, given the large amount of manpower and time required. This Office, therefore, considers the current arrangements of routine home visits not an efficient and cost-effective method for detecting PRH abuse.

5

CASE STUDIES

5.1 During this investigation operation, this Office selected several cases for scrutiny from various sources, including complaints or reports, cases handled by the Appeal Panel, cases prosecuted for false declaration, etc., and approached HD and HKHS for the relevant records, so as to understand their follow-up work and actions. This chapter analyses five and four selected cases of PRH abuse handled by HD and HKHS respectively, which are summarised in the **table below**:

HD

Case	Type of abuse	Consequence	Time taken from in-depth investigation to issuance of NTQ ³⁰ or recovery of flat
Case (1)	Non-occupation	Recovery of flat	About 6 months: Sep 2023 to Mar 2024 (issuance of NTQ)
Case (2)	Domestic property ownership in Hong Kong at the time of application for public housing	Recovery of flat	About 11 months: Oct 2020 to Mar 2021 (issuance of NTQ) to Sep 2021 (recovery of flat)
Case (3)	False declaration of assets and concealment of domestic property ownership in Hong Kong	Recovery of flat; tenant sentenced to six-week imprisonment (suspended for 12 months) and fined \$12,000	About 6 months: Sep 2022 to Mar 2023 (issuance of NTQ)

³⁰ In some cases, the records were only up to the date of issuing NTQ by HD, while the date of recovering the flat was not yet available.

Case	Type of abuse	Consequence	Time taken from in-depth investigation to issuance of NTQ ³⁰ or recovery of flat
Case (4)	False declaration of assets and concealment of property ownership	Recovery of flat	About 9 months: Feb 2021 to late Feb 2021 (issuance of NTQ) to Nov 2021 (recovery of flat)
Case (5)	Subletting	Recovery of flat	About 8 months: Apr 2023 to Aug 2023 (issuance of NTQ) to Dec 2023 (recovery of flat)

Case (1): Non-occupation

5.2 The tenant was living alone in a PRH flat. In September 2021, the estate's TMO was notified by the PHRM of suspected abuse of the flat. After preliminary investigation, the TMO passed the information of this case to the PHRM in December 2021 for in-depth investigation, which was completed in June 2022. In the span of 162 days from December 2021 to May 2022, PHRM investigators visited the flat at different times, including ten surprise visits and one scheduled. Out of the 11 visits, investigators only encountered the tenant and two other non-tenants (namely her grandson and a foreign domestic helper) on the day of the scheduled visit and one of the surprise visits. During the home visits, investigators noticed signs of the tenant's occupation of the flat, including her bed, clothes and shoes, daily necessities, furniture and appliances.

5.3 In April 2022, SWD replied in response to HD's enquiry that the tenant had been admitted to a private residential care home. The PHRM then made a written enquiry with the care home about the tenant's situation, and received a reply that she had been admitted since 1 June 2021, with about seven or eight days per month spent staying elsewhere. On the day of the scheduled home visit, her grandson told investigators that the tenant had been admitted to the care home for recuperation after a surgery in mid-2021; in late April 2022, as her wound was nearly healed, she started staying in the flat two to three days a week, with the intention of resuming long-term occupation once fully recovered.

5.4 The PHRM closed the investigation in June 2022 due to insufficient evidence of PRH abuse. On a Friday in October 2022, TMO staff met the tenant during a surprise home visit, thereby confirming the flat was occupied normally.

5.5 In August 2023, further information raised suspicions about the flat's occupancy status. Following a preliminary investigation, the TMO again referred the case to the PHRM for in-depth investigation, which was completed in January 2024. In the span of 99 days from October 2023 to January 2024, investigators visited the flat at different times, including 21 surprise visits and one scheduled. They only encountered the tenant and her daughter once during the scheduled visit.

5.6 In December 2023, the care home mentioned in **paragraph 5.3** gave a reply to HD that the tenant had been admitted to the care home since 1 June 2021; she would stay overnight elsewhere on Fridays and Saturdays and return to the care home on Sunday evenings.

5.7 According to her daughter, the tenant had to stay in a care home after suffering a stroke earlier, resulting in difficulty in mobility and self-care. Her daughter would visit the flat every Wednesday or Thursday to take care of household chores, and on Friday evenings, she would pick up the tenant to stay in the flat before returning to the care home on Sunday evenings. However, investigation revealed that from August 2023 to January 2024, the water and electricity consumption at the flat did not align with the daughter's statement of the situation, indicating that the flat was not normally occupied, and the tenant was not regularly and continuously residing in the flat.

5.8 In late March 2024, HD issued an NTQ requiring the tenant to surrender the flat by 30 April of the same year. Meanwhile, as per the new measures detailed in **paragraph 6.9**, HD awarded additional marks in the property services agent's performance assessment for assisting in substantiating the case of PRH abuse.

Case Analysis

5.9 To collect sufficient evidence of PRH abuse, it is essential for HD staff to take follow-up actions on suspected cases, such as surprise home visits and obtaining information from other departments or organisations for in-depth investigation. Although it was known to HD during the first round of investigation that the tenant had been admitted to a care home as early as June 2021, considering the presence of her household items in the flat, and her grandson's claim at that time that she would resume

occupation of the flat after recovery, HD closed the investigation in June 2022 due to insufficient evidence of PRH abuse. This Office considers that despite the TMO's confirmation by surprise home visit in October 2022 that the flat was occupied normally, it should have continued to follow up closely on the tenant's health condition, so as to ascertain whether she had resumed long-term occupation of the flat after recovery, as claimed by her grandson. It should not have waited until August 2023, when further information raised suspicions about the flat's occupancy status, to conduct further investigation which revealed that the tenant's health had deteriorated due to a stroke, thus preventing her from returning to the flat for continuous occupation.

5.10 In addition, this is a case where HD awarded additional marks following the award system incorporated in the performance assessment scoring for property services agents. However, the property services agent received additional marks for assisting in substantiating the PRH abuse, rather than for detecting the non-occupation of the flat when performing its daily management or patrolling duties.

Case (2): Domestic Property Ownership in Hong Kong at the Time of Application for Public Housing

5.11 The tenant and his niece, as an all elderly household, were allocated a PRH flat in September 2014. In October 2016, the tenant applied for rent assistance, declaring no property ownership by any family members at that time. In 2018, he applied for an extension of rent assistance and declared the same again. After the tenant passed away in January 2020, his niece applied for "take-over tenancy" in May of that year, and the new tenancy took effect in June. Since it was an all elderly household, the "take-over tenancy" application was **exempt** from the Comprehensive Means Test and the Domestic Property Test; the niece, as the new tenant, was also exempt from biennial declaration of income and assets under the WTP.

5.12 In October 2020, the case was randomly selected by computer for spot checks by the PHRM. In January 2021, the PHRM completed in-depth investigation, which revealed **false statements** by the new tenant in two declaration forms in February and September 2014 respectively (i.e. before she moved into the flat). While declaring no domestic property ownership in Hong Kong, she in fact held domestic property interests under joint tenancy and tenancy-in-common respectively. It was not until September 2015 that she disposed of her ownership. Should the new tenant had truthfully declared her property ownership at that time, she would have been ineligible to apply for public housing, nor would HD have allocated her a flat. Despite her breach

of the Housing Ordinance, she could not be prosecuted because the time limit had expired³¹. On 31 March 2021, HD issued an NTQ pursuant to the Housing Ordinance³² (see **para. 2.4**) requiring her to vacate and surrender the flat by 30 April of the same year.

5.13 On 15 April 2021, the new tenant lodged an appeal to the Appeal Panel against HD’s decision to terminate the tenancy. At the appeal hearing on 26 July, the Appeal Panel confirmed the NTQ. HD then issued a Notice to Occupier on 4 August requiring her to surrender the flat by 11 August. Due to the occupier’s failure to surrender the flat as required, HD issued an Eviction Notice on 12 August. As the occupier had not surrendered the flat when the Eviction Notice expired on 2 September, HD recovered the flat by eviction operation³³ on 3 September.

Case Analysis

5.14 The new tenant had all along been an authorised person listed in the tenancy agreement. The original tenant had twice declared no property ownership by any family members, but in fact his niece was ineligible for PRH due to domestic property ownership in Hong Kong at the time of application. Her domestic property ownership went undiscovered because HD had not yet established the data matching and verification mechanism with LR³⁴ when processing her PRH application, and the applicant declared in the declaration form at the detailed vetting stage that she did not own any land and property. Moreover, as an all elderly household, the new tenant was exempt from biennial declaration of income and assets.

³¹ Limitation of time for prosecution: within 2 years after the commission of the offence or within 6 months after the discovery thereof by an authorised officer, whichever period expires first.

³² Pursuant to section 19(1)(b) of the Housing Ordinance, the Authority may otherwise terminate any lease by giving such notice to quit as may be provided for in the lease or 1 month’s notice to quit, whichever is the greater.

³³ In the course of arranging the eviction operation, HD sought the assistance of SWD and the Police and reserved temporary accommodation for her at a transit centre.

³⁴ Since mid-2023, HD has established a data matching and verification mechanism with LR to match, in batches, the information of the applicants and their family members listed in PRH applications with LR’s information. If an applicant is found to have made false statements, apart from cancelling the application, HKHA will consider prosecuting the applicant.

Case (3): False Declaration of Assets and Concealment of Domestic Property Ownership in Hong Kong

5.15 After the original tenant passed away, his wife applied for “take-over tenancy” in 2015 and became the new tenant. She and her son declared their income and assets in the declaration cycle of April 2022 under the WTP. This case was randomly selected by computer in September 2022 for in-depth investigation by the PHRM, which was completed in February 2023.

5.16 According to LR’s Integrated Registration Information System (“IRIS”), the new tenant **had three records of domestic property ownership** in Hong Kong:

Domestic property	Period of time (ownership)	Declaration form involved
Property A	4 Jul 2011 to 3 Dec 2022 (date of land search) (100% ownership)	4/2012 4/2014 4/2016 4/2018 4/2020 4/2022 Not declared in the above forms
Property B	30 Sep 1993 to 5 May 2010 (1/3 share of ownership under tenancy-in-common)	2005 4/2006 4/2008 4/2010 Not declared in the above forms
Property C	18 Apr 1997 to 9 Sep 2010 (100% ownership)	2005 4/2006 4/2008 4/2010 Not declared in the above forms

5.17 Under the WTP in effect before October 2017, PRH tenants were not required to declare both their income and assets (including property ownership) at the same time. They were required to declare assets only when their income exceeded the prevailing limits, and to vacate the PRH flat if both their income and assets exceeded the prevailing limits. However, after implementation of the “single-track approach”³⁵, the household in this case was ineligible for PRH at that time due to ownership of Property A during the declaration cycles of April 2018, April 2020 and April 2022. The new tenant **allegedly furnished incorrect particulars** on a total of 14 items over the years, six of which were verified to involve actual or potential benefits and three still within the prosecution time limit. Based on the findings, HD issued an NTQ on 31 March 2023, claimed for the undercharged rent (i.e. double rent plus rates or market rent, whichever was higher) and prosecuted her according to the guidelines. After conviction, she was sentenced to six-week imprisonment (suspended for 12 months) and fined \$12,000 only.

Case Analysis

5.18 The new tenant had not declared her property ownership and rental income in the declaration forms since 2005. However, due to financial and manpower considerations, HD had not conducted any land search to verify her declarations over the years. According to the eligibility criteria set out in the application form for “take-over tenancy”, an applicant who is the spouse of original tenant or exempt from the Comprehensive Means Test³⁶ is not required to submit the declaration form on income and assets. As such, the spouse of original tenant was able to take over tenancy in 2015 without being subject to the Comprehensive Means Test, and her domestic property ownership was only discovered through spot checks in September 2022.

³⁵ Tenants with income or assets exceeding the prevailing limits or domestic property ownership in Hong Kong (including domestic building lots) are no longer eligible for PRH and required to vacate their flats.

³⁶ (1) Households on shared tenancies; (2) Households with an elderly member nominated to be the principal tenant under the “Families with Elderly Persons Priority Scheme” (renamed as “Harmonious Families Priority Scheme”) before the Policy on Grant of New Tenancy came into effect (i.e. 5 February 1999); (3) Households with an elderly member appointed to be the principal tenant under the previous “Enhancement Schemes for Sitting Tenants” before the Policy on Grant of New Tenancy came into effect; (4) Households with all members receiving CSSA; (5) Households with all members aged 60 or above; (6) Compassionate and special cases recommended by relevant government departments or organisations; (7) Households with all members receiving or eligible for receiving Disability Allowance from SWD; and (8) Households with all members in different combinations of (4), (5) and (7) above.

Case (4): False Declaration of Assets and Concealment of Property Ownership

5.19 The tenancy agreement for the flat was signed in 1997 and the authorised persons listed included the tenant and his wife and daughter.

5.20 The tenant submitted a declaration form under the WTP in the declaration cycle of April 2020, but failed to provide his wife's information in the form. Upon enquiry, the tenant explained that he had lost contact with his wife who had not resided in the flat since 2019. EMO staff attempted to contact the wife from January to February 2021 but to no avail. In early 2021, the EMO issued a memo to the PHRM requesting for the wife's land registry records. In mid-February, the EMO was informed by the PHRM of the wife's property ownership in Hong Kong:

Property	Period of time (ownership)	Declaration form involved
Parking Space A	25 Aug 2006 to 16 Nov 2012	4/2008 4/2010 4/2012 Not declared in the above forms
Commercial Property B	25 Aug 2006 to 16 Nov 2012	4/2008 4/2010 4/2012 Not declared in the above forms
Commercial Property C	9 Jul 2010 to 18 Feb 2021 (date of land search)	4/2012 4/2014 4/2016 4/2018 4/2020 Not declared in the above forms

Property	Period of time (ownership)	Declaration form involved
Domestic Property D	28 Jan 2014 to 18 Feb 2021 (date of land search)	4/2014 4/2016 4/2018 4/2020 Not declared in the above forms
Commercial Property E	7 Mar 2016 to 18 Feb 2021 (date of land search)	4/2016 4/2018 4/2020 Not declared in the above forms

5.21 Upon reviewing the past declaration forms on income and assets submitted by this household, HD found that the wife **did not declare her property income** in the 2008, 2010, 2014, 2016 and 2018 declaration forms. Moreover, she did not furnish any particulars in the 2012 and 2020 declaration forms. After implementation of the “single-track approach”, this household **declared no domestic property ownership** in the declaration cycles of April 2018 and April 2020.

5.22 On 26 February 2021, HD issued an NTQ requiring the tenant to surrender the flat by 31 March of the same year. On the same day, the EMO referred the case to the PHRM for in-depth investigation. The PHRM replied that it was unable to verify the 2020 declaration form and proceed with prosecution because the wife did not furnish any particulars therein. In relation to the wife’s failure to declare domestic property ownership in the 2018 declaration form, as the alleged offence of furnishing incorrect particulars occurred on 11 October 2018, the time limit for prosecution that expired first had already lapsed on 10 October 2020.

5.23 On 11 March 2021, the tenant lodged an appeal with the Appeal Panel, claiming that he had been separated from his wife for more than 20 years but had not gone through with divorce proceedings due to the loss of marriage certificate. The tenant asserted that he had explained the situation to EMO staff when submitting his declaration forms over the years, and that he was undergoing divorce proceedings with his wife, while their adult daughter had moved out of the flat to live with her mother. On 2 July 2021, the Appeal Panel confirmed the NTQ issued to the tenant. In view of

his financial hardship and housing needs, HD referred his case to SWD for follow-up while assisting his application for interim housing. HD issued a Notice to Occupier and an Eviction Notice on 14 and 23 September 2021 respectively, requiring the tenant to surrender the flat by 14 October 2021. After allocation of interim housing, he surrendered the flat on 29 November 2021.

5.24 This Office found that the wife stated that she and the tenant were “separated” in the 2008 and 2010 declaration forms, and that she was self-employed in the 2010 declaration form. Regarding the 2010 declaration, EMO staff at that time had followed up on whether it was necessary to delete the wife from the tenancy, but the wife indicated her final decision to reside in the flat. In mid-January 2013, the EMO wrote to the tenant requesting him to return the 2012 declaration form as it was overdue, and in mid-to-late March 2013, the tenant returned the form with the particulars of himself only, but not his wife and daughter. However, the EMO did not pursue this further, and their income limit were calculated on the basis of three-member household. In the 2014 declaration form, the wife initially put “self-employed” in the box of “Occupation/Position”, and then crossed it out and circled “Employed” in the box of “Employment/Self-employment”. In December 2016 and October 2018, the wife stated in the 2016 and 2018 declaration forms that she was “separated” from the tenant and “self-employed”, and provided the particulars and income and expenditure of her solely-owned company. As the 2020 declaration form submitted by the tenant contained only the particulars of himself and his daughter, but not his wife, the EMO requested the PHRM to obtain the wife’s land registry records, which revealed her property ownership in Hong Kong.

Case Analysis

5.25 The tenant’s wife had been furnishing incorrect particulars in declaration forms since 2008. As can be seen from the previous paragraph, there were a number of unclear or even dubious issues in multiple declaration forms submitted by the tenant that required follow-up actions, but the EMO failed to handle properly. For instance, the wife had repeatedly stated that she and the tenant had separated, but except for 2010, the EMO did not address the situation that the wife did not reside in the flat. The wife declared herself as self-employed in the 2010 declaration form but was not asked to provide the relevant income and expenditure. The wife declared in the 2014 declaration form that she was self-employed, but provided the same company information as in 2010, yet there is no record of the EMO clarifying this. The tenant was late in submitting declaration forms three times (in 2012, 2016 and 2018). In the

declaration cycle of April 2012, it was not until mid-January 2013 that the EMO wrote to the tenant to pursue the overdue form. Although neither the tenant nor his wife signed on the 2012 declaration form submitted by the tenant, it was accepted for calculating the income limit for the household without any follow-up action.

5.26 While HD explained that in view of the complexity of divorce issues, it would not normally require either party to move out or intervene in the marital status of a household during the period of separation, this Office considers that as public housing is precious social resources, tenants are obliged and legally bound to duly complete and sign the declaration forms, and HD staff should take proper action upon receipt of declaration forms with doubtful particulars. This case reflects that EMO staff did not follow up promptly on the overdue declaration forms and scrutinise the particulars furnished therein. Had the staff taken the initiative to clarify promptly the suspicious issues of the household's tenancy, occupancy status as well as income and assets declarations, the wife's incorrect particulars furnished in the declaration forms could have been detected sooner, resulting in earlier recovery of the flat.

Case (5): Subletting

5.27 In April 2023, the PHRM received an online report about the letting of a PRH flat on online property rental platform. After preliminary investigation, HD pinpointed the flat for in-depth investigation. The PHRM requested information about the tenant from relevant government departments (including ImmD, TD, SWD and the Correctional Services Department) in May and completed the investigation by the end of July.

5.28 The tenancy agreement of the flat in question commenced in August 2013, with the tenant and his wife listed as authorised persons. In January 2019, the tenant and his wife divorced, and in January 2020, his wife voluntarily moved out and was deleted from the tenancy. According to ImmD's records, after leaving Hong Kong to settle in his hometown overseas, the tenant was away from Hong Kong in 1,220 days (or 82.82%) over 1,473 days between 1 July 2019 and 12 July 2023. HD staff paid surprise visits to the flat on 10 January 2020 and 7 December 2021, encountering the tenant on both occasions. Since his departure from Hong Kong on 26 January 2022, the tenant had no record of re-entry as at 12 July 2023 (i.e. 533 days). Moreover, during 15 surprise visits to the flat at different times in the span of 65 days between 16 May and 19 July 2023, PHRM investigators only encountered two and one non-tenants on 16 May and 19 July 2023 respectively (according to the online rental platform, the

flat was rented out from 12 May to 30 May 2023, and from 14 July to 1 August 2023), but never the tenant. Of the two non-tenants encountered on 16 May 2023, the man claimed to be the tenant's relative and temporarily reside in the flat for two weeks, while the identity of the woman was unknown. Investigators found that the setting and furnishing of the flat matched the pictures of **the flat posted on** the online rental platform, thus confirming that the flat under investigation was indeed the same one. The woman, a non-tenant, encountered on 19 July claimed to be the tenant's relative and clean the flat and pay the utility bills for the tenant. She indicated that the tenant had returned to his hometown for a period of time due to advanced age and poor health.

5.29 After the completion of investigation report by the PHRM, EMO staff called the tenant but could not reach him. Staff also paid surprise visits to the flat but no one answered the door. On 11 August 2023, HD issued a Notice of Occupancy Status to the tenant indicating its intention to terminate the tenancy. On 22 August, HD issued an NTQ notifying the tenant that his tenancy right would be terminated on 30 September.

5.30 Later on, the tenant lodged an appeal to the Appeal Panel and authorised his nephew to represent him for the appeal. At the appeal hearing in November 2023, the Appeal Panel confirmed the NTQ issued by HD. In the same month, HD issued a Notice to Occupier to the tenant requiring surrender of the flat within seven days. However, from late November to early December, there were increments in the water and electricity consumption of the flat, indicating that the flat was still in use. When the Notice to Occupier expired on 5 December, the EMO called the tenant's nephew, who said he was unable to surrender the flat. On 6 December, HD issued an Eviction Notice to the tenant, giving him a 21-day notice to surrender the flat by 28 December 2023. When visiting the flat on 21 December, EMO staff encountered two non-tenants, who indicated that they had rented a private flat and would move out by 26 December. On 28 December, staff contacted the tenant's nephew and was informed that he had entrusted a friend to surrender the flat on his behalf, and that the rent arrears would be settled after his return to Hong Kong on 10 January 2024. Later on, the nephew's friend attempted to surrender the flat at the management office, but he did not have the tenant's authorisation letter. On the same day, the EMO took action to recover the flat and disposed of the items inside according to the procedures for handling abandoned items. On 17 January 2024, the tenant's son settled the mesne profits.

Case Analysis

5.31 The tenant was persistently absent from Hong Kong from 2019 to 2023³⁷. Although HD staff met the tenant during surprise home visits in January 2020 and December 2021, there was no records of the security guards of the block reporting that the flat was frequented by different strangers. But for the report made by a member of the public who discovered the letting of the flat online, the tenant's serious abuse might have gone undetected indefinitely, and he could have continued to exploit valuable public housing resources for personal gain.

5.32 Furthermore, this Office found that according to past records, the EMO issued an NTQ to the tenant in November 2021 due to rent arrears. At that time, staff attempted to contact the tenant and his contact person (his son) three times in November 2021. However, the tenant's telephone number was unregistered; the son's telephone, after connected, played a recorded message, and then the call was automatically disconnected without a voicemail service. Staff also made two surprise home visits, but no one answered the door. On 7 December, as the tenant settled the rent arrears and undertook to pay rent on time, HD cancelled the NTQ. Rent arrears, repeatedly unsuccessful home visits and unregistered telephone numbers are probable signs of PRH abuse. Had the EMO checked the tenant's immigration records in November 2021, it could have discovered that the tenant was not continuously residing in the flat, enabling earlier recovery of the flat for reallocation to those in urgent need of housing.

5.33 As regards the fact that HD took four months from issuance of NTQ on 22 August 2023 to recovery of the flat on 28 December 2023, this Office's comments will be provided in the report of another direct investigation operation "Government's Arrangements for Recovery of Public Rental Housing Flats".

³⁷ He spent 292 days in 2020, 317 days in 2021, 340 days in 2022 and the entire first half of 2023 away from Hong Kong.

HKHS

Case	Type of abuse	Consequence	Time taken from in-depth investigation to issuance of NTQ or recovery of flat
Case (6)	False declaration of assets and concealment of domestic property ownership in Hong Kong	Recovery of flat	About 2 months: Aug 2019 to Oct 2019 (recovery of flat)
Case (7)	Non-occupation	Recovery of flat	About 8 months: May 2021 to Jan 2022 (recovery of flat)
Case (8)	Non-occupation	Recovery of flat	About 9 months: Mar 2022 to Dec 2022 (recovery of flat)
Case (9)	Non-occupation	Recovery of flat	About 13 months: Feb 2020 to Mar 2021 (recovery of flat)

Case (6): False Declaration of Assets and Concealment of Domestic Property Ownership in Hong Kong

5.34 The tenant and his wife used to live with his mother in a PRH flat. After his mother (the original tenant) passed away in December 2018, the tenant applied to HKHS for “take-over tenancy”. As the household had downsized, the EMO arranged for the couple to be transferred to a smaller flat in the same block. At that time, both the tenant and his wife declared no domestic property ownership in Hong Kong. The new tenancy commenced in May 2019 and EMO staff visited the flat on 16 July of the same year.

5.35 On 6 August 2019, HKHS received a report that the tenant’s wife owned properties. On the following day, the EMO discovered from information provided by LR that the wife owned two properties. In late September, EMO staff met with the couple, who admitted the wife’s **property ownership**. Since they were ineligible for “take-over tenancy” due to the **false declaration** made in the application, and had made false statements, the EMO issued an NTQ on 30 September requiring them to surrender the flat by 31 October 2019. The tenant eventually surrendered the flat on the deadline.

Case Analysis

5.36 In processing “take-over tenancy” applications, the EMO spot-checked cases in accordance with the then operational guidelines³⁸, including verifying with LR as to any domestic property ownership in Hong Kong of the applicants and their family members aged 18 or above. As this case was not selected for spot checks, the EMO did not conduct a land search at that time. But for the report received, HKHS might not have discovered the wife’s property ownership, and the PRH abuse might have continued for years.

Case (7): Non-occupation

5.37 The tenant lived with his wife, son and daughter-in-law in a PRH flat, to which the EMO paid a home visit in mid-August 2019. On 17 May 2021, due to rent arrears, EMO staff attempted to contact the tenant and his family by phone but to no avail. Subsequently, the EMO reached the cousin of the tenant’s wife and learnt that the tenant and his family in Australia were unable to return to Hong Kong due to the COVID-19 epidemic. EMO staff reminded her that the tenant and his family must reside in the flat on a long-term basis, otherwise the flat would be recovered.

5.38 From May to June 2021, the EMO reached out to the tenant and his family repeatedly by phone and letters but to no avail, nor did it receive any reply from them. The EMO wrote to ImmD in mid-June requesting for the family’s immigration records, but ImmD replied in late June that it could not provide the information due to the lack of details. On 9 July, the EMO received a long-distance call from the tenant’s son, who stated that they were in Mainland China. The EMO asked them to give an account of their housing arrangements. Subsequently, the EMO contacted the cousin of the tenant’s wife and requested the tenant and his family to clarify their arrangements regarding the flat by email. Meanwhile, the EMO also issued a Notice of Rent Arrears in accordance with the procedures. On 2 August, the EMO received a long-distance call from the tenant’s son, who stated that he would arrange for his relative to settle the rent arrears at the EMO by 6 August. As the rent arrears remained unpaid, the EMO made further calls to the tenant’s wife, son, daughter-in-law and the cousin, but all calls

³⁸ Since January 2024, HKHS has established a data matching and verification mechanism with LR to match the information of “take-over tenancy” applicants and their family members aged 18 or above with LR’s information. If the applicants or their family members are found to have made false statements, HKHS will not approve their applications.

went unanswered. On 30 August, the EMO issued an NTQ to the tenant's son by email, requiring them to surrender the flat by 30 September. On 12 October, HKHS engaged a law firm to take legal action.

5.39 On 10 December 2021, the EMO received a long-distance call from the tenant's daughter, who stated that the tenant **had passed away in Australia** in 2016, and her mother, currently residing in a nursing home in Australia, was willing to surrender the flat. On 3 January 2022, the EMO received a letter from the tenant's daughter from Australia attaching the tenant's death certificate and his wife's written undertaking to surrender the flat. On 21 January 2022, the cousin returned the keys of the flat to the EMO on behalf of the tenant's wife. HKHS, therefore, terminated the legal action.

Case Analysis

5.40 The tenant and his wife had not been residing in the flat after leaving Hong Kong years ago. Additionally, he had passed away overseas in 2016, but HKHS did not know it from his family until December 2021. Although the EMO had requested ImmD for the immigration records of the tenant and his family, ImmD replied that it was unable to provide the information due to the lack of details. After another two unsuccessful enquiries, the EMO did not follow up further with ImmD on this matter. Moreover, despite the EMO's successful home visit in mid-August 2019, the non-occupation of the flat was only revealed due to rent arrears in 2021, indicating that home visits could not effectively keep HKHS updated of the occupancy status of tenants. It is unknown when the flat became unoccupied after August 2019. This case casts doubt on whether HKHS could have detected the PRH abuse if the tenant's son or daughter-in-law had continued to pay rent on time despite non-occupation.

Case (8): Non-occupation

5.41 The tenant and his son resided in a PRH flat, to which the EMO lastly paid a home visit on 10 June 2020. According to HKHS guidelines, the next home visit should be scheduled for May 2023 or before. However, as the tenant had rent arrears since March 2022, the EMO called and wrote to the tenant and his son multiple times from March to May, but could not get in touch with them. Meanwhile, the EMO knocked on their door several times, but no one answered, and the neighbours said that they did not see anyone living in the flat. The EMO therefore tracked the flat's water and electricity meter readings, and found hardly any consumption. In mid-March, the

EMO requested ImmD for the immigration records of the tenant and his son and received a reply in mid-April, which revealed that they had no re-entry record since **leaving Hong Kong** on 2 October 2020. The flat was therefore confirmed to have been unoccupied since October 2020. On 31 May, the EMO issued an NTQ requiring the tenant to surrender the flat by 30 June 2022. As the flat was not surrendered by the deadline, a law firm was engaged to recover the flat by legal proceedings. HKHS eventually recovered the flat on 23 December 2022.

Case Analysis

5.42 The flat had been unoccupied since October 2020 but it was only revealed due to rent arrears in March 2022. From October 2020 to March 2022, the tenant did not enter or exit the building, and the low water and electricity consumption of the flat went undetected. Had HKHS established a notification mechanism with the Water Supplies Department (“WSD”) before 2023³⁹, it could have learnt about the abnormal water consumption at an early stage and recovered the flat sooner after collecting sufficient evidence of PRH abuse.

Case (9): Non-occupation

5.43 The tenant lived with his wife in a PRH flat (“Flat A”), while their son’s family of three lived in another flat of the same block. In mid-December 2019, the EMO received a report that Flat A had been unoccupied. On the day of receiving the report, the EMO met with the tenant, who explained that both he and his wife had not continuously resided in Flat A since September 2018 as they needed to travel to and from the Mainland for medical treatments. At that time, the tenant undertook to continue to reside in Flat A. The EMO subsequently wrote to the tenant to reiterate the relevant terms of the tenancy agreement.

5.44 In early February 2020, the EMO **received another report that Flat A had been unoccupied** since August 2018. From early February to early March, the EMO visited Flat A to record the water and electricity meter readings and observe the status of the flat, and found it unoccupied. In early March, the EMO wrote to the tenant requesting a meeting. Subsequently, the tenant’s son contacted the EMO, explaining that the tenant was unable to return to Hong Kong from the Mainland due to the COVID-

³⁹ Since January 2023, HKHS has received information about rental flats with “abnormal water consumption” from WSD for further investigation.

19 epidemic. In late March, the EMO received a letter from the tenant sent from the Mainland, which stated that he had been stranded in the Mainland due to the epidemic after receiving medical treatments, and that he would return to Hong Kong and contact the EMO as soon as the border crossings reopened. Afterwards, the EMO asked the tenant's son to forward a letter to the tenant, urging them to resume occupation of the flat as soon as practicable.

5.45 In June 2020, the EMO went to Flat A to record its water and electricity meter readings and observe the status of the flat, finding it unoccupied. After multiple unsuccessful attempts to contact the tenant, the EMO called the tenant's son, who revealed that the tenant and his wife had not yet been able to return to Hong Kong due to the epidemic. In November, the EMO called the tenant's son and daughter separately, learning that the tenant and his wife were still unable to return to Hong Kong.

5.46 The EMO wrote to ImmD in December 2020 to obtain the immigration records of the tenant and his wife. It received the records in mid-January 2021, which showed that the couple were in Hong Kong for only 79 and 68 days respectively in the span of 827 days from 1 October 2018 to 6 January 2021. After numerous telephone and written correspondence, the EMO met with the tenant and his son and daughter on 23 March 2021 and requested them to surrender Flat A. On 31 March, the tenant surrendered Flat A to HKHS.

Case Analysis

5.47 HKHS took more than one year from receiving the report to recovering the flat. While the circumstances during the investigation were unique because the tenant and his wife were unable to return to Hong Kong due to the epidemic, the tenant in fact admitted at the meeting with HKHS staff in December 2019 that they had not been residing in Hong Kong for a long time prior to the epidemic due to seeking medical treatments in the Mainland. In other words, by the time HKHS received the report in December 2019, the tenant and his wife had left the flat unoccupied for over a year in breach of tenancy terms.

OUR OBSERVATIONS

5.48 In addition to the nine cases analysed above, this Office has the following observations after reviewing the case files provided by HD and HKHS.

Detection of PRH Abuse

5.49 As far as “occupancy status” is concerned, low water consumption, rent arrears, unreachable tenants or family members are probably signs of PRH abuse. The ability of HD and HKHS staff to proactively discern these high-risk cases and take action will enhance the effectiveness of combating PRH abuse. Nevertheless, the crux of the matter is whether frontline estate management staff can discern these signs and take proactive action. Currently, HD proactively monitors water consumption as an indicator to detect suspected PRH abuse. Before 2023⁴⁰, HKHS had no similar measures in place like those of HD to proactively monitor the water consumption of rental flats. On the contrary, HKHS would only take water meter readings of the flats involved when investigating suspected cases, rather than using low water consumption for early detection.

Daily Management or Patrol Duties of Property Services Agents

5.50 Having examined a number of cases, this Office did not find any instances where property services agents successfully detected or reported cases of PRH abuse on their own. In most of the HD cases, property services agents only deployed staff to monitor suspected cases at the request of the EMO or the PHRM, rather than taking the initiative to report suspected cases to HD.

5.51 In their daily performance of management or patrol duties, the staff of property services agents engaged by HD and HKHS should be able to discern the occupancy status of PRH flats. For example, they might become aware of tenants’ prolonged absence from the building, flats frequented by strangers, flats persistently without lights at night time, or overflowing mailboxes. These suspicious cases (such as HD **cases (1) and (5)**, and HKHS **cases (7), (8) and (9)**) should be reported to HD and HKHS for further monitoring or investigation.

Online Surveillance

5.52 One of the PHRM’s duties is regular online surveillance to detect suspected cases of PRH abuse (see **para. 3.17**). There have been media reports on

⁴⁰ Since January 2023, HKHS has received information about rental flats with “abnormal water consumption” from WSD for further investigation.

black market rentals of PRH flats, and advertisements or posts for subletting of PRH flats can be easily found on online platforms or forums, reflecting that undetected cases of subletting or reletting might exist. Even though HD would immediately investigate upon noticing media reports and receiving public reports, the PHRM might be perceived to be not proactive enough. It also casts doubt on whether the manpower and resources allocated by the PHRM to online surveillance are sufficient, and whether the detection methods or techniques used to uncover PRH abuse are effective.

Effectiveness of Home Visits

5.53 As stated in **paragraph 4.29**, EMO staff can only meet with some of the authorised persons during home visits. They might not have the chance to understand the actual occupancy status of each member, especially whether any of them have moved out. This is the situation in **HD cases (4) and (5)** and **HKHS case (7)**. This Office believes that even though HD and HKHS staff found someone at home, the persons they met did not give a truthful account of the flat's actual occupancy status, and the staff were unable to detect any clues from the furniture or household items in the flat. As a result, the cases of non-occupation, subletting, or moving out of family members went undetected. The effectiveness of home visits as a measure to combat PRH abuse is not significant.

5.54 Moreover, in **cases (1) and (9)**, EMO staff learnt from meeting with the tenants that the two flats had been unoccupied for a long time. After the two tenants claimed that they would continue residing in their flats, HD and HKHS took no further action to monitor whether they resumed occupation as promised. It was only after further information raising suspicions about the flats' occupancy status that follow-up action was taken. The lack of subsequent monitoring by staff based on information obtained from meetings or home visits and their easy acceptance of the tenants' explanations also undermined the effectiveness of combating PRH abuse.

Vetting of Income and Assets for PRH Applications, “Take-over Tenancy” Applications and All Elderly Households

5.55 Furthermore, despite being below the prescribed limits when tenants applied for PRH, their income and assets might have changed over the years of residence. For example, they are no longer eligible for PRH after acquisition of domestic properties in Hong Kong or increase of income and assets. The purpose of the WTP is to review whether tenants should pay higher rents or even vacate their flats

through regular declaration by tenants. Under the prevailing WTP of HKHA, tenants who have resided in PRH flats for less than 10 years and all elderly households are exempt from biennial declaration of income and assets. Some of these tenants may have income and assets exceeding the limits, or own domestic properties in Hong Kong, but are not subject to any vetting. Outside the scope of the WTP, HD may also uncover ineligible tenants through processing tenancy matters (including application for “take-over tenancy”) or rental management. However, as all elderly households (**case (2)**) and the spouse of original tenant (**case (3)**) are exempt from the Comprehensive Means Test and the Domestic Property Test when applying for “take-over tenancy”, they can become the new tenants and continue to reside in the flats even if their income and assets exceed the prescribed limits.

5.56 The policy of HKHS is illustrated in **case (6)**, where the tenant was aged below 60 when applying for “take-over tenancy” in 2019. According to the eligibility criteria stipulated by HKHS, all family members listed in the application form are subject to the Comprehensive Means Test. However, at that time, HKHS had not established the data matching and verification mechanism with LR, resulting in applicants passing the means test by not disclosing their assets such as land and properties. As the case was not selected for spot checks, HKHS did not find out the property ownership of the tenant’s wife and approved their application for “take-over tenancy”. Given that the WTP is yet to cover all tenants, it is essential for HKHS to gatekeep tenancy or rental matters and conduct stringent vetting on relevant applications. Since January 2024, HKHS has established the data matching and verification mechanism with LR to match the information of “take-over tenancy” applicants and family members aged 18 or above with LR’s information. If the applicants or their family members are found to have made false statements, HKHS will not approve their applications.

5.57 This Office found that in some cases, tenants had already concealed their assets when initially applying for PRH. HD conducted detailed vetting, but not data matching, on each PRH application, as the data matching and verification mechanism with LR was not in place at that time⁴¹. Consequently, in some cases the applicants could pass the vetting by not disclosing their income from or ownership of assets such as land and properties. After allocation of PRH, these tenants are only required to

⁴¹ Since mid-2023, HD has established a data matching and verification mechanism with LR to match, in batches, the information of applicants and their family members listed in PRH applications with LR’s information. If an applicant is found to have made false statements, apart from cancelling the application, HKHA will consider prosecuting the applicant.

make a declaration after 10 years of residence, or even exempt from declaration if they are all elderly households (as in HD **case (2)**). If the tenants concerned are not reported or spot-checked, the PRH abuse may go undetected by HD for a long time.

Vetting of Income and Assets Declaration

5.58 Before June 2023, due to financial and manpower constraints, HD was unable to conduct land search on every family member aged 18 or above listed in all applications. In HD **cases (3) and (4)**, the two tenants had made false statements in multiple declaration forms since 2005 and 2008 respectively, concealing their property ownership and rental income. Tenants are no longer eligible for PRH upon domestic property ownership in Hong Kong. In fact, it is not complicated to verify tenants' domestic property ownership in Hong Kong, as properties under the names of tenants can be preliminarily revealed by land search through the IRIS or the notification mechanism established with LR. Admittedly, HD staff are required to investigate further based on the land search results (see **para. 6.7**), and the process is relatively manpower consuming. Nonetheless, in **cases (3) and (4)**, HD had not verified the particulars furnished by the tenants over a decade. Particularly in **case (4)**, no follow-up action was taken by the EMO upon receiving the declaration forms despite a number of suspicious items therein (see **para. 5.25**). Such cases cast doubt on whether HD simply accepted anything declared by tenants. HD's spot checks on the completed declaration forms received each year were apparently inadequate to detect false statements of income and assets made by tenants, which were only uncovered when, in **case (3)**, the new tenant was spot-checked in 2022 after applying for "take-over tenancy"; and in **case (4)**, an in-depth investigation was initiated against the wife for failing to complete the declaration form in 2020.

5.59 This Office is pleased to note that with HD's establishment of the data matching and verification mechanism with LR in June 2023, the cost of land search has substantially decreased from \$640 to around \$4 per case, and the manpower required for inputting data for land search has also been reduced. Since the new declaration system was implemented by HKHA in October 2023, HD has conducted land search through the new mechanism with LR on all adult family members required to make declaration in the first batch of about 88,000 households. The process of land search regarding more than 270,000 declaration forms in the second and third batches is underway in sequence. Households who have made declaration will be covered again by the declaration cycle two years later, and HD will continue to conduct land search on them.

6

NEW MEASURES INTRODUCED BY CURRENT-TERM GOVERNMENT COMBATING ABUSE AND ITS EFFECTIVENESS

NEW MEASURES INTRODUCED BY HKHA COMBATING ABUSE

Declaration on Occupancy Status and Domestic Property Ownership in Hong Kong

6.1 This Office notes that the current sixth-term Government has endeavoured to combat PRH abuse and achieved substantive results, which is commendable and praiseworthy. After our announcement of launching this direct investigation operation, the Subsidised Housing Committee of HKHA endorsed a series of new measures at its meeting on 24 May 2023 to step up combating PRH abuse and enhance the WTP, thereby ensuring that public housing resources are focused on persons with urgent housing needs. These measures, effective from the declaration cycle of October the same year, require the entire PRH population in Hong Kong of around 800,000 households to declare in batches their occupancy status and domestic property ownership within a biennial cycle, with a view to creating greater deterrence through a legally binding declaration mechanism.

6.2 For tenants who have been living in PRH for ten years, the existing arrangements of biennial declaration to HD in April or October, under the policies outlined in **paragraph 2.11**, remain unchanged. The new requirements implemented by HKHA starting in October 2023 include:

- (1) After admission to PRH, tenants and all family members are required to declare to HD every two years whether they have continuously resided in the flats and complied with the tenancy terms relating to occupancy status⁴² (e.g. no subletting or reletting, no engaging in illegal activities inside the flat, and no non-domestic usage), and any domestic property ownership in Hong Kong.
- (2) In the declaration form, tenants are required to undertake to notify HKHA after acquiring any domestic properties in Hong Kong (within one month of entering into any agreements, including provisional agreements).
- (3) Tenants are required to authorise HKHA to verify their information with relevant government departments and public or private organisations (e.g. financial institutions, banks and insurance companies). Tenants who refuse or fail to make declaration within the specified time frame may have their tenancies terminated. Tenants who make false statements are liable to prosecution.
- (4) Former PRH tenants whose tenancies were terminated due to false statements, breaches of tenancy terms, or misdeeds under the Marking Scheme for Estate Management Enforcement will be subject to the restriction of a five-year debarment for the application of PRH from the date after tenancy termination.
- (5) Tenants who need temporary housing after tenancy termination under the enhanced WTP can apply for a Fixed Term Licence⁴³ with the period shortened from a maximum of 12 to 4 months. They are required to vacate the flat upon expiry of the 4-month licence period, and HD will not re-assess their eligibility.

⁴² For tenants exempt from income and assets declaration mentioned in **paragraph 2.11**, they are still required to declare, every two years after admission to PRH, that they have continuously resided in the flat and complied with the tenancy terms relating to occupancy status. Tenants are also required to authorise HKHA to verify their information with relevant government departments and public or private organisations.

⁴³ Since the revised WTP implemented in October 2017, HD has issued 820 Fixed Term Licences to “well-off tenants”, of which 460 tenants were eventually not required to vacate their flats due to decrease in income and assets below the limits eligible for PRH during the licence period.

6.3 In October 2023, HD, according to its work schedule, required the first batch of around 88,000 tenants who have been living in PRH for 2 to 8 years to declare their occupancy status and any domestic property ownership in Hong Kong. All declaration forms have been returned. Since the launch of the declaration exercise, HD has recovered 1,347 flats. Earlier, it has also initiated in-depth investigation into tenants who had not returned the forms, including conducting intensive home visits and property or land search, and obtaining key information from other departments or organisations. If tenants are found to have deliberately refused to make declarations or abused public housing, HKHA will terminate their tenancy and take further enforcement action as appropriate. In April 2024, HD distributed the declaration forms on occupancy status and income and assets to the second batch of over 250,000 tenants who have been living in PRH for more than 10 years. As at 31 December 2024, HD received over 99.9% of the declaration forms. For tenants who have yet to submit their forms, HD has initiated the procedures to issue NTQ. Meanwhile, over 3,400 tenants have voluntarily surrendered or had their units recovered for various reasons.

Other New Measures Combating PRH Abuse

6.4 In addition to the new measures mentioned above, HD has implemented several new initiatives facilitating investigation into PRH abuse and collaboration with other government departments.

Establishment of New Mechanism with LR

6.5 In the past, HD staff would search for property information under the names of individual PRH tenants suspected of domestic property ownership in Hong Kong through the IRIS⁴⁴ Online Services. Cases of search through IRIS for property ownership information by HD between 2017 and March 2024 are given in **Table 16**:

⁴⁴ LR provides government departments and public bodies with the Owner's Properties Information Check service (the "Service") by means of administrative measures. The Service enables the use of the owner's name or identification number (such as identity card number) to search for property information registered in LR under the same name or identification number. Government departments and public bodies may apply for blanket approval from LR to use the Service, either under the exemptions specified in section 58(1) of the Personal Data (Privacy) Ordinance or with the consent of the data subjects. HD has obtained blanket approval from LR to use the Service to access relevant information through the IRIS Online Services.

Table 16: Cases of search through IRIS for property ownership information by HD between 2017 and March 2024

Year	No. of cases
2017	9,823
2018	9,172
2019	12,134
2020	9,895
2021	11,197
2022	12,860
2023	6,649 ⁴⁵
2024 (As at 31 Mar)	14

6.6 In May 2023, HD obtained the consent of the Privacy Commissioner for Personal Data to establish a new mechanism with LR in June of the same year, under which data matching is carried out between the identity card numbers of tenants and the information of LR. Cases of one-off data matching for the first batch of around 88,000 households with declaration forms returned are given in **Table 17**:

Table 17: Cases of data matching carried out by LR for HD

Month	No. of cases
May 2023	20
Jun 2023	5,515
Jul 2023	6,112
Aug 2023	57,119
Sep 2023	9,834
Oct 2023	81,246
Nov 2023	103,685
Dec 2023	55,938

⁴⁵ Since May 2023, HD has established a new mechanism with LR to conduct search on tenants in batches, resulting in a decrease of search on individual tenants performed by staff through the IRIS.

Month	No. of cases
Jan 2024	31,784
Feb 2024	84,152
Mar 2024	122,830
Total	558,235

6.7 Upon receiving the land search reports, HD staff will review and preliminarily sort through the data of PRH tenants with property or land ownership, including their tenancy information, particulars furnished in the past, family situation, etc. In certain cases, tenants might formerly own domestic property interests, which have been taken over by the Official Receiver or transferred to other persons under court orders, but the records have yet to be updated; some tenants might have already declared their interests to HD and obtained exemption⁴⁶. Hence, HD needs to carefully investigate and review each case. Furthermore, if the use of property or land (domestic or otherwise) cannot be ascertained from the lot or address shown, HD staff will use the address from the report to conduct a detailed land search through the IRIS Online Services to confirm the property or land use, transaction amounts, etc., and probe deeper into various particulars furnished by the tenant. If the tenant is found to own domestic properties in Hong Kong or have made false statements in the past, HD will take follow-up actions, such as tenancy enforcement action, termination of tenancy and prosecution.

Establishment of Task Force

6.8 In July 2023, HD established a task force, hiring eight retired disciplinary force officers with extensive experience in criminal investigation to form two Enforcement and Investigation Teams, each led by a former Police Superintendent. Subordinate to the PHRM, the task force is mainly responsible for detecting suspected cases of PRH abuse, providing staff training and instructions on the techniques for detecting suspected cases and taking cautioned statements, advising on the investigation process to combat PRH abuse, and conducting online surveillance and patrolling.

⁴⁶ With sufficient reasons and valid legal documents, exemption might be granted upon fulfillment of the following criteria: (1) acquisition of domestic property interests through operation of law (e.g. upon divorce, inheritance) but not in a position to dispose of such interests (e.g. the interests are minimal, or consensus cannot be reached with other interested parties); and (2) unable to reside in the premises.

Award System Incorporated in Performance Assessment Scoring

6.9 Since the third quarter of 2023, an award system has been incorporated into the performance assessment scoring for property services agents, in estates with management outsourced, and security services contractors, in estates directly managed by HD. HKHA will award additional marks in their performance assessment for contributing to HKHA's issuance of NTQ in PRH abuse cases, or issuance of warning letters or allotment of points to non-compliant tenants. The additional marks will increase their opportunity of tender submission and tender award, thereby encouraging property services agents and security services contractors to participate more proactively in combating PRH abuse.

Development of New Computer System

6.10 To facilitate data analysis and monitoring of case progress and results at various stages, including preliminary investigation by the EMOs in response to reports or complaints, and subsequent in-depth investigation by the PHRM, HD is developing a new computer system for the storage of data, workflow and results of PRH abuse cases handled by frontline estates and the PHRM to ensure the completion of all cases. The new system has been phased in since the end of October 2024, including the function of automatic case opening upon receipt of complaints or reports of PRH abuse for handling by frontline estate staff. Frontline staff can also refer cases to the PHRM for in-depth investigation via the system. The system will be further optimised to record the progress and investigation results of cases handled by the PHRM, and then notify the respective frontline staff via email.

EFFECTIVENESS IN COMBATING ABUSE BEFORE HKHA'S NEW MEASURES

6.11 HD remarked that after implementing the strategies and practices against PRH abuse detailed in **chapter 3** of this report, in 2020/2021 and 2021/2022, HD issued NTQ and recovered the flats in around 1,300 cases per year on the grounds of PRH abuse. Figures on the flats recovered after issuance of NTQ over the past seven years are listed in **Table 18**:

Table 18: Statistics on issuance of NTQ and recovery of flats on the grounds of PRH abuse and breaches of tenancy terms or housing policies (2017/2018 to 2023/2024)

Year	No. of NTQ issued on grounds of breaches of tenancy terms or housing policies ^{Note 1}	No. of flats recovered after issuance of NTQ ^{Note 2}
2017/2018	5,399	1,243
2018/2019	5,683	1,239
2019/2020	5,288	1,265
2020/2021	4,458	1,218
2021/2022	5,102	1,224
2022/2023	5,992	1,947
2023/2024	6,823	2,373

Note 1: About 70% of NTQ were issued on the grounds of rent arrears. Before the specified date of eviction or the appeal hearing, if the defaulting tenant settles the rent arrears and undertakes to pay rent on time in future, HD's Senior District Housing Manager can exercise discretion to cancel the NTQ, hence the discrepancy between the number of NTQ and the number of flats recovered.

Note 2: As processing the termination of tenancy takes time, the issuance of NTQ and the recovery of relevant flat may not necessarily occur within the same year.

6.12 For serious cases of abuse relating to occupancy status, such as subletting and reletting, HKHA is only empowered to terminate the tenancy but not prosecute the tenants. In 2023, 151 cases were prosecuted and convicted for PRH abuse. In the whole year of 2023, a total of 176 cases were prosecuted and convicted for knowingly making false statements or neglecting to furnish any of the particulars specified in the declaration forms, contrary to the Housing Ordinance. Figures on the flats recovered after issuance of NTQ, and the cases prosecuted and convicted over the past seven years are listed in **Table 18** and **Table 19** respectively:

Table 19: Statistics on cases prosecuted by HD and convicted for PRH abuse between 2018 and 2024

Year	Total no. of abuse cases	No. of prosecuted cases and prosecution rate	No. of convicted cases and conviction rate
2018	5,766	99 (1.7%)	91 (92.0%)
2019	6,171	177 (2.9%)	147 (83.1%)
2020	5,859	177 (3.0%)	162 (91.5%)
2021	6,430	133 (2.1%)	119 (89.5%)
2022	7,259	133 (1.8%)	108 (81.2%)
2023	7,084	164 (2.3%)	151 (92.1%)
2024	12,407	518 (4.2%)	316 (87.1% ^{Note 1})

Note 1: Of the 518 cases prosecuted, legal proceedings were completed in 363 cases with conviction obtained in 316 cases. Separately, there were 155 cases with legal proceedings yet to be completed. The conviction rate was therefore calculated based on the number of cases with legal proceedings completed.

EFFECTIVENESS IN COMBATING ABUSE AFTER HKHA'S NEW MEASURES

6.13 Regarding the first batch of declaration forms received from 88,000 households, HD has conducted land search in batches through the newly established mechanism with LR (see **paras. 6.6 and 6.7**). As at the end of October 2024, all cases have been reviewed, with 391 households confirmed of domestic property ownership in Hong Kong and 228 flats recovered. Moreover, 73 households had their NTQ cancelled by the Appeal Panel or were approved to continue their tenancy. HD will institute tenancy enforcement action and prosecution, as applicable, against the remaining 90 households in sequence. HD is beginning to conduct land search in batches regarding over 250,000 households with declaration forms submitted under the WTP in April 2024.

6.14 In addition to declarations made by households as scheduled, in 2023/24, HD carried out data matching and verification with LR on 15,400 cases of suspected PRH abuse or false declaration identified from other sources, including reports received

from the public, spot checks by the central investigation team on various applications for tenancy and extra PRH resources, suspected cases detected by frontline estate management or property services agents in day-to-day work, and data matching and verification on households applying for subsidised home ownership. Among these, about 230 households were confirmed of domestic property ownership in Hong Kong and 119 flats were recovered. Moreover, 76 households had their NTQ cancelled by the Appeal Panel or were approved to continue their tenancy. HD will issue NTQ or institute prosecution, as applicable, against the remaining households in sequence.

6.15 Against concealment of assets outside Hong Kong, after receiving replies from Mainland or Macao authorities regarding specific cases, HD has confirmed that 21 tenants were owners of domestic or commercial properties in the Mainland or Macao. These tenants are thus ineligible to apply for PRH and in breach of tenancy criteria, and some of the flats have already been recovered.

6.16 In 2021/22, only 1,371 flats were recovered on the grounds of PRH abuse and breaches of tenancy terms or housing policies. The number rose to 2,248 in 2022/23 (see **Table 18**), and reached 2,800 in 2023/24. In 2024/25, within eight months as at the end of November 2024, over 2,000 flats have already been recovered. Since the current-term Government took office in July 2022, HD has recovered more than 7,000 flats on the grounds of PRH abuse and breaches of tenancy terms or housing policies, surpassing the number of flats in large housing estates like Fu Tip Estate (Phase 2) in Tai Po. The significant effectiveness deserves recognition and praise from society.

6.17 Given HKHA's strengthened measures and publicity against PRH abuse in recent years, many tenants have voluntarily surrendered their flats. From 2017/18 to 2022/23, an average of about 160 flats were voluntarily surrendered each year. In 2023/24, the number increased to about 300 flats. As the new measures require tenants to declare occupancy status and domestic property ownership in Hong Kong biennially starting from their admission to PRH, as at December 2024, among the first two batches of approximately 340,000 households required to declare (i.e. in October 2023 and April 2024 respectively), over 4,600 households voluntarily surrendered or had their flats recovered for various reasons.

6.18 In the whole year of 2023, there were 176 cases prosecuted and convicted for knowingly making false statements or neglecting to furnish particulars specified in the declaration forms (including false statements made by PRH tenants and applicants

in respect of any declaration). In the past two years (i.e. 2022/23 and 2023/24), there were 389 cases prosecuted for violating the Housing Ordinance, of which 344 cases were convicted. Seven tenants were sentenced to imprisonment (including suspended sentence), with the heaviest sentences being immediate imprisonment of 30 days and two weeks respectively.

NEW MEASURES INTRODUCED BY HKHS COMBATING ABUSE

6.19 Starting from 1 December 2023, HKHS implemented new measures to step up combating PRH abuse:

- (1) Tenants who do not fulfil the criteria under the policy of “take-over tenancy” or the WTP are required to vacate their flats. Tenants with temporary housing needs can apply to HKHS for a Fixed Term Licence with the length of stay in the rental flats shortened from a maximum of 12 to 4 months, during which HKHS will not re-assess their eligibility.
- (2) The definition of non-occupation is shortened from over 6 months to over 3 months.
- (3) Cases of former HKHS tenants and all their family members aged 18 or above at the time of tenancy termination due to false declaration or breaches of tenancy terms will be reported to HKHA. They might be subject to the restriction of a five-year debarment for the application of PRH from the date after tenancy termination.

6.20 HKHS implemented the enhanced WTP on 1 April 2024:

- (1) The scope of the WTP is expanded to cover all tenants signing a new tenancy agreement, including but not limited to “take-over tenancy” by the spouse of original tenant or flat transfer for any reasons such as redevelopment, under-occupation, overcrowding, “Cross Generation Living Scheme”, etc.
- (2) All tenants who have signed a tenancy agreement with the WTP terms are required to declare every two years whether they and all

their family members listed in the tenancy agreement own any domestic properties in Hong Kong. Tenants are also required to declare to HKHS within one month after acquiring domestic properties in Hong Kong (including entering into any agreements), and to vacate their flats upon domestic property ownership in Hong Kong.

- (3) Tenants are required to declare every two years that they have continuously resided in the flats and complied with the tenancy terms relating to occupancy status, such as no subletting or reletting, no engaging in illegal activities inside the flat and no non-domestic usage. Tenants are also required to authorise HKHS to verify their information with government departments and public or private organisations to ensure their continuous eligibility for PRH.

6.21 In October 2023, HKHS posted announcements in all its rental estates and issued letters to tenants who have signed a tenancy agreement with the WTP terms. In the long run, HKHS will explore expanding the WTP to cover all existing tenants in its rental estates.

Other New Measures Combating PRH Abuse

Two-tier Mechanism for Handling Breach of Tenancy Agreement

6.22 When handling different types of PRH abuse, HKHS generally required tenants to rectify the situation within the time frame specified in its guidelines or surrender the flat (see **para. 3.15**). After the launch of this direct investigation operation, we enquired with HKHS about its Warning Letter System and presented our preliminary observations (see **paras. 7.21 and 7.22**). After review, HKHS implements a two-tier mechanism starting from 1 August 2024 to address breaches of tenancy terms based on the nature and severity of PRH abuse. For less serious cases, such as unauthorised alterations to flat facilities, keeping dogs in the flat, or failing to pay rent on time, HKHS will generally issue a warning first, allowing tenants to rectify the situation. If tenants fail to rectify the situation within the time frame, HKHS will issue an NTQ to terminate the tenancy and recover the flat. For substantiated cases in serious breach of the tenancy agreement, including non-occupation, confirmed residence at another address, subletting or reletting (with or without rental income), engaging in illegal activities inside the flat, or making false statements (e.g. in respect of properties,

income, assets, marital status, occupancy status, or family situation) for actual or potential gain, HKHS will not issue a warning. Instead, an NTQ will be issued outright to the non-compliant tenant to terminate the tenancy and recover the flat. For specific cases calling for extra time or discretion (e.g. a tenant who lives alone leaves the flat unoccupied for more than three months due to admission to hospital or nursing home in Hong Kong), HKHS will handle empathetically. EMO staff will report to senior management and explore feasible solutions in a reasonable and compassionate manner.

Establishment of Data Matching and Verification Mechanism with LR

6.23 Starting from January 2024, HKHS established a data matching and verification mechanism with LR to search for domestic property ownership of PRH applicants or tenants in Hong Kong.

Establishment of the Housing Resources Management and Operations team

6.24 In June 2024, HKHS set up the Housing Resources Management and Operations team with more staff deployed. The team is dedicated to surveillance and investigating suspected cases of PRH abuse referred by the EMOs, with a view to enhancing investigation effectiveness.

Launch of Mobile Application for Home Visits

6.25 Between June and August 2024, HKHS phased in the use of tablets and launched a new mobile application for home visits. The app enables more systematic storage of home visits data and uploading to the electronic rental management platform, facilitating home visits and record review by staff.

Other Initiatives

6.26 Moreover, HKHS will regularise home visits outside office hours. An electronic form for reporting suspected PRH abuse is now available on HKHS website and mobile application for estate information.

EFFECTIVENESS IN COMBATING ABUSE BEFORE HKHS'S NEW MEASURES

6.27 After implementing the strategies and practices against PRH abuse detailed in **chapter 3** of this report, between 2018 and 2023, there were a total of 70

substantiated cases with flats surrendered voluntarily by tenants or recovered by HKHS after issuance of NTQ. Figures of flats recovered by HKHS over the past six years and a breakdown by the types of PRH abuse are given in **Table 20** and **Table 21** respectively:

Table 20: Flats recovered by HKHS on the grounds of PRH abuse between 2018 and 2023

Year	No. of flats recovered
2018	2
2019	6
2020	4
2021	11
2022	19
2023	28
Total	70

Table 21: Types of PRH abuse resulting in recovery of flat by HKHS between 2018 and 2023

Type of abuse	No. of flats recovered	Percentage over all types of abuse
False declaration of property ownership	5	7.1%
Engaging in illegal activities inside the flat	1	1.4%
Subletting or reletting (including occupancy by unauthorised persons)	6	8.6%
Non-occupation (including not residing in the flat on a long-term basis)	58	82.9%
Total	70	100%

EFFECTIVENESS IN COMBATING ABUSE AFTER HKHS'S NEW MEASURES

6.28 After expanding the WTP to cover more tenants, HKHS issued declaration forms to around 1,900 tenants. As at September 2024, 99.9% of the forms had been returned and only one was outstanding. HKHS will issue an NTQ to that tenant to recover the flat. Among the forms returned, 13 tenants voluntarily notified HKHS of their intention to surrender their flats, including four tenants declaring domestic property ownership in Hong Kong.

6.29 As at 31 July 2024, under the newly established mechanism with LR, HKHS has completed data matching and verification for over 14,000 cases and recovered the flats in 22 cases. Moreover, HKHS identified 10 cases suspected of false declaration, which were under further investigation and follow-up action.

6.30 In 2024, there were a total of 8 substantiated cases of PRH abuse with flats recovered by HKHS after issuance of NTQ. Figures of flats recovered in 2024 with a breakdown by the types of abuse are given in **Table 22**:

Table 22: Types of PRH abuse resulting in recovery of flat by HKHS in 2024

Type of abuse	No. of flats recovered	Percentage over all types of abuse
Engaging in illegal activities inside the flat	1	2.4%
False declaration of property ownership	3	7.3%
False declaration of assets	1	2.4%
Subletting or reletting (including occupancy by unauthorised persons)	2	4.9%
Non-occupation (including not residing in the flat on a long-term basis)	34	82.9%
Total	41	100%

SUMMARY OF WTP IMPLEMENTED BY HKHA AND HKHS BEFORE AND AFTER ENHANCEMENT

6.31 Based on the information above, the key features of the WTP, including the applicable scope, time of declaration and particulars to declare, implemented by HKHA and HKHS are summarised in **Table 23**:

Table 23: Summary of WTP implemented by HKHA and HKHS before and after enhancement

Item	HKHA	HKHS
Before enhancement of WTP		
Applicable scope		
Tenants covered	<ul style="list-style-type: none"> • All tenants 	<ul style="list-style-type: none"> • PRH applicants with tenancy effective on or after 1 Sep 2018 • Households with a new tenancy granted to a family member (except the spouse of original tenant) on or after 1 Sep 2018 under “take-over tenancy” procedures
Details of declaration		
Tenants required to make declaration	<ul style="list-style-type: none"> • Tenants having lived in PRH for 10 years 	<p>Type 1 tenants</p> <ul style="list-style-type: none"> • Tenants having lived in PRH for 10 years • Irrespective of the length of residence, tenants with any changes in the family, such as “take-over tenancy” by a family member (except the spouse of original tenant) or addition of new members aged 18 or above

Item	HKHA	HKHS
		<p>Type 2 tenants</p> <ul style="list-style-type: none"> • Tenants having lived in PRH for 5 years
Time of declaration	<ul style="list-style-type: none"> • Declaration every 2 years 	<p>Type 1 tenants</p> <ul style="list-style-type: none"> • Declaration every 2 years <p>Type 2 tenants</p> <ul style="list-style-type: none"> • After the initial declaration, every year in April upon accumulating another 5 years of residence
Particulars to declare	<ul style="list-style-type: none"> • Total household income and assets, and any domestic property ownership in Hong Kong 	<p>Type 1 tenants</p> <ul style="list-style-type: none"> • Total household income and assets, and any domestic property ownership in Hong Kong <p>Type 2 tenants</p> <ul style="list-style-type: none"> • Any domestic property ownership in Hong Kong
After enhancement of WTP		
Applicable scope		
Tenants covered	<ul style="list-style-type: none"> • All tenants 	<ul style="list-style-type: none"> • PRH applicants with tenancy effective on or after 1 Sep 2018 • Households with a new tenancy granted on or after 1 Sep 2018 under the “take-over tenancy” procedures

Item	HKHA	HKHS
		<ul style="list-style-type: none"> Tenants who have signed a new tenancy agreement due to various reasons
Details of declaration		
Tenants required to make declaration	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> Tenants having lived in PRH for 10 years <p>Type 2 tenants (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> Tenants having lived in PRH for 2 years 	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> Tenants having lived in PRH for 10 years <p>Irrespective of the length of residence, tenants with any changes in the family, such as “take-over tenancy” or addition of new members aged 18 or above</p> <p>Type 2 tenants (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> Tenants having lived in PRH for 2 years
Time of declaration	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> Declaration every 2 years <p>Type 2 tenants (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> Declaration every 2 years 	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> Declaration every 2 years <p>Type 2 (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> Declaration every 2 years

Item	HKHA	HKHS
Particulars to declare	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> • Any domestic property ownership in Hong Kong, total household income and assets, continuous residence, and compliance with tenancy terms relating to occupancy status <p>Type 2 tenants (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> • Any domestic property ownership in Hong Kong, continuous residence, and compliance with tenancy terms relating to occupancy status 	<p>Type 1 tenants (declaration under the WTP)</p> <ul style="list-style-type: none"> • Total household income and assets, compliance with tenancy terms relating to occupancy status, and any domestic property ownership in Hong Kong <p>Type 2 tenants (declaration on occupancy status and any domestic property ownership in Hong Kong)</p> <ul style="list-style-type: none"> • Continuous residence, compliance with tenancy terms relating to occupancy status, and any domestic property ownership in Hong Kong

COMMENTS AND RECOMMENDATIONS

PREAMBLE

7.1 Housing policy is the top priority of the current-term Government. By adopting the strategies of enhancing speed, efficiency, quantity and quality, the Government has endeavoured to increase public housing supply and thus shortened the waiting time for PRH applicants. In tandem with increasing supply, combating PRH abuse is another key area of its work. Although applicants and tenants who have abused PRH are very much in the minority, the issue of PRH abuse and the policy targeting “well-off tenants” have raised widespread concern in the community. The public unanimously recognises that precious PRH resources should be used rationally and focused on persons and families with urgent housing needs. Recovery of an abused flat will lead to immediate and significant improvement of living conditions for a family waitlisted for PRH. To achieve fairer and more effective use of public housing resources, HKHA and HKHS, supervised by the policy of the sixth-term Government, have deepened the reform of the mechanism combating PRH abuse, plugged the loopholes and combated irregularities more rigorously and precisely on all fronts.

7.2 Over the past year or so, various sectors in the community have formed a strong consensus in supporting the efforts combating PRH abuse. A vast majority of the public views reaching this Office also recognise and support the authorities’ strengthening the crackdown on PRH abuse. The public expects HKHA and HKHS to keep up the good work with further measures to recover more misused flats. During our direct investigation operation, HKHA and HKHS have taken the initiative to review and implement the enhanced WTP (see **Table 23**) effective from October 2023 and April 2024 respectively. New measures to step up combating abuse are also introduced in succession (see **paras. 6.5 to 6.10 and 6.22 to 6.26**). Their positive attitude and remarkable results achieved are worthy of recognition. In particular, in response to HKHA’s enhanced measures and publicity, many tenants voluntarily surrendered their flats before receiving the declaration forms or NTQ from HD, highlighting the instant effectiveness of the new measures. To go the extra mile, our investigation has revealed

room for improvement in the work of HKHA and HKHS in combating abuse to ensure more precise, comprehensive and effective measures addressing the urgent housing needs of families in unfavourable accommodation and applicants waitlisted for PRH for a long time.

7.3 Consolidating our findings, we have the following observations and comments regarding the work of HKHA and HKHS in combating abuse of public housing resources:

(I) APPLICABLE SCOPE OF WTP

HKHS Should Explore Covering All PRH Tenants under WTP

7.4 The WTP of HKHS implemented in 2018 only covers applicants with the tenancy coming into effect on or after 1 September 2018, and households with a new tenancy granted to a family member (except the spouse of original tenant) under the “take-over tenancy” procedures on or after that date (see **para. 2.16**). Up to December 2023, only 10.5% of HKHS tenants were covered by the WTP. Even the enhanced WTP introduced in 2024 does not cover all HKHS tenants (see **para. 6.20(1)**). As at November 2024, only 14.1% of HKHS tenants were covered by the WTP. In other words, most of the existing HKHS tenants are still not required to declare under the WTP their income and assets, domestic property ownership in Hong Kong, continuous residence in the flat, and compliance with the tenancy terms relating to occupancy status. Unless HKHS has received a tip-off or complaint or signed a new tenancy agreement with them, tenants with tenancy effective before 1 September 2018 are not subject to any vetting of their continuous eligibility for PRH. For the majority of them, it is entirely up to the tenants to voluntarily notify HKHS and surrender their flats upon household income or assets exceeding the limits or domestic property ownership in Hong Kong. Such a loophole allows tenants to intentionally withhold information and persist with PRH abuse.

7.5 If HKHS has to wait for tenants whose tenancy agreement was signed before 1 September 2018 without the WTP terms to move out of their flats or re-sign a tenancy agreement with HKHS for specific reasons, it will probably take years before all tenants are covered by the WTP. To plug the loophole earlier and treat all PRH tenants fairly, we urge HKHS to seek further legal advice according to circumstances, and proactively explore ways to cover all tenants of its rental estates under the WTP as soon as possible.

(II) DETECTION OF PRH ABUSE RELATING TO INCOME AND ASSETS DECLARATION

HKHS’s Former Mechanism Inadequate for Vetting the Eligibility of Applicants for “Take-over Tenancy”

7.6 At the time tenants are allocated and admitted to PRH, their income and assets must not exceed the prevailing limits. As household income and assets change over time, HKHA and HKHS need to vet their income and assets regularly under the WTP. However, HKHA tenants admitted to PRH for less than ten years and HKHS tenants not covered by the WTP are not required to declare their income and assets. If their income and assets have exceeded the limits, or even if they have acquired domestic properties in Hong Kong (since October 2023, HD has required tenants to declare any domestic property ownership in Hong Kong biennially after admission to PRH), HKHA and HKHS will have no means of knowing that they are no longer eligible for PRH except through voluntary notification or tip-off. Therefore, as mentioned in **paragraph 5.55**, in addition to the WTP, HKHA and HKHS should vet whether tenants are no longer eligible for PRH through daily management of rental or tenancy matters. In particular, tenants should pass the Comprehensive Means Test and the Domestic Property Test (unless they are exempt) before a new tenancy is granted, such as when they apply for “take-over tenancy”.

7.7 In **chapter 5, case (6)** of this investigation report, HKHS granted a new tenancy without finding out the property ownership of the new tenant’s wife when processing the “take-over tenancy” application. But for a tip-off, their false statements would not be uncovered. Given that the WTP does not cover all HKHS tenants, it is especially essential for HKHS to conduct stringent vetting when handling rental or tenancy matters. The spot checks conducted by HKHS according to the guidelines at that time were obviously inadequate. We are pleased to note that during our direct investigation operation, HKHS has established the new mechanism with LR since January 2024, under which HKHS will verify tenants’ domestic property ownership in Hong Kong when handling their rental or tenancy matters.

7.8 This Office urges HKHS to properly perform its gatekeeping role and remind all EMO and TMO staff to strictly adhere to the guidelines in their daily management of rental or tenancy matters, and critically vet the PRH eligibility of

relevant applicants or households in accordance with the policy. The above recommendation is also applicable to HKHA's daily management of rental or tenancy matters.

HKHA Should Consider Strengthening the Vetting on the Applications for “Take-over Tenancy”

7.9 Under HKHA's existing Policy on Grant of New Tenancy, upon the death or moving out of a PRH tenant⁴⁷, the spouse who is an authorised person living in the flat may take over the tenancy unconditionally⁴⁸. In general, re-assessment of PRH eligibility, including the Comprehensive Means Test and the Domestic Property Test, is required for households applying for “take-over tenancy” to ensure their eligibility for the grant of new tenancy and determine the level of rent payable; specific categories of households⁴⁹ are exempt from vetting.

7.10 As shown in **chapter 5, cases (2) and (3)** of this investigation report, since the applications were made by an all elderly household and the original tenant's spouse respectively, they were exempt from the Comprehensive Means Test and the Domestic Property Test when applying for “take-over tenancy”. It was only after the grant of new tenancy that the two new tenants' prior and current ownership of domestic properties in Hong Kong were uncovered through spot checks.

⁴⁷ Reasons for moving out include admission to residential care homes for the elderly, joining the Portable Comprehensive Social Security Assistance Scheme, joining the Guangdong Scheme and Fujian Scheme, etc.

⁴⁸ Except for those households having failed the Comprehensive Means Test covering both income and assets but passed the Domestic Property Test, which were approved for continuation of PRH tenancy under the WTP because the principal tenant was receiving/eligible for Disability Allowance from SWD. Upon the death or moving out of the principal tenant, a household with no other members receiving/eligible for Disability Allowance from SWD is required to be re-assessed to ensure its eligibility for PRH, even if the applicant for “take-over tenancy” is the surviving spouse.

⁴⁹ (1) Households on shared tenancies; (2) Households with an elderly member nominated to be the principal tenant under the “Families with Elderly Persons Priority Scheme” (renamed as “Harmonious Families Priority Scheme”) before the Policy on Grant of New Tenancy came into effect (i.e. 5 February 1999); (3) Households with an elderly member appointed to be the principal tenant under the previous “Enhancement Schemes for Sitting Tenants” before the Policy on Grant of New Tenancy came into effect; (4) Households with all members receiving CSSA; (5) Households with all members aged 60 or above; (6) Compassionate and special cases recommended by relevant government departments/organisations; (7) Households with all members receiving/eligible for receiving Disability Allowance from SWD; and (8) Households with all members in different combinations of (4), (5) and (7) above.

7.11 Since January 2024, HKHS has established a data matching and verification mechanism with LR to match the information of “take-over tenancy” applicants and family members aged 18 or above with LR’s information. If the applicants or their family members are found to have made false statements, HKHS will not approve their applications. This Office considers that HKHA should consider drawing on HKHS’s practice and explore conducting land search on applicants for “take-over tenancy” and their adult family members through the IRIS or the data matching and verification mechanism, thereby vetting their domestic property ownership in Hong Kong. It should only approve the “take-over tenancy” applications after confirming their eligibility.

HKHA Failing to Stringently Scrutinise the Declaration Forms Submitted by Tenants

7.12 In **chapter 5, cases (3) and (4)** of this investigation report, the two households, since 2005 and 2008 respectively, had made false statements without declaring property ownership and rental incomes in a number of declaration forms. Over the years, their PRH abuse had gone undetected because HD had not verified the particulars they furnished, including not conducting land search for any property ownership under their names, nor had it clarified the suspicious items in the declaration forms in **case (4)** (see **para. 5.25**). The false statements were only uncovered when, in **case (3)**, the new tenant was spot-checked in 2022 after applying for “take-over tenancy”; and in **case (4)**, an investigation was initiated against the wife for failing to complete the declaration form in 2020.

7.13 This Office recognises that due to manpower constraints, HKHA and HKHS would not thoroughly scrutinise the truthfulness of the particulars in each declaration form in the past. However, the above cases show that spot checks of declaration forms only are inadequate to curb PRH abuse. The failure of HKHA and HKHS staff to stringently scrutinise suspicious or incomplete declaration forms might give tenants a perception that the authorities would simply accept anything they submitted, and those intending to withhold information might gamble on not being detected. We recommend that HKHA and HKHS remind all estate management staff to critically scrutinise the particulars in the declaration forms submitted by tenants, clarify any suspicious or incomplete information, and proactively obtain tenants’ relevant information from other government departments or organisations where necessary.

7.14 In fact, if HD had conducted land search upon receiving the declaration forms from the tenants in **cases (3) and (4)**, it would have easily discovered their domestic property ownership in Hong Kong. As mentioned above, searching the IRIS is a simple and effective means to discover any domestic property ownership in Hong Kong of tenants. Under the new mechanism established between HD and LR in 2023 (see **para. 6.6**), the entire process of land search and data transmission is fully computerised and automated. Since HD has already required tenants to declare in batches their domestic property ownership in Hong Kong, it should properly record the findings after investigation and review of land search results (see **para. 6.7**). Should it become necessary to conduct land search on the same tenant in future, staff can refer to existing records. As such, we anticipate gradual reduction in the workload associated with investigation and review of new land search results, without putting an undue strain on HD's manpower resources. Given that land search is an effective means to detect abuse, and implementation of the WTP mainly relies on truthful declarations by tenants, we consider that HKHA should explore the feasibility of comprehensive screening of all PRH tenants through land search regularly. Consequently, those tenants, who might be inclined to make false statements or not notify HD of domestic property ownership if HD only conducted spot checks due to manpower constraints, would no longer take the chance.

7.15 The total number of residents in HKHS rental estates is about 80,000, of which only 14.1% are required to make biennial declarations under the WTP. Compared with HKHA, which manages over 2 million residents, HKHS should be in a better position to conduct land search on all tenants under the WTP. We believe it not too onerous for HKHS to do so even if the WTP is extended subsequently to cover all tenants. In this light, we also recommend that HKHS explore the feasibility of comprehensive screening of all tenants under the WTP through land search regularly.

7.16 Before June 2023, each land search costed \$640 and had to be conducted by manual input of data one by one. Due to manpower and resource constraints, HD was unable to conduct a land search on each tenant aged 18 or above listed in all applications. Nevertheless, HKHA has implemented a new declaration system since October 2023, under which all tenants, after admission to PRH, are required to declare biennially their occupancy status and any domestic property ownership in Hong Kong. As the new mechanism with LR was established in 2023, the situation has changed. The financial efficiency has been enhanced with the average cost per land search substantially reduced to around \$4. Since January 2024, HKHS has also conducted land search through the data matching and verification mechanism established with LR

on the adult family members of about 1,900 households required to make declarations in 2024; it will conduct land search on the family members required to declare property ownership thereafter.

HKHA and HKHS Should be More Proactive in Enhancing Information Exchange with Mainland Authorities and Agencies

7.17 The public widely considers that HKHA and HKHS should strengthen communication with Mainland authorities or agencies to detect any property ownership of PRH applicants and tenants in the Mainland. Over the past year or so, HKHA and HKHS have been more proactive in liaison with the relevant Mainland authorities or agencies. With more experience in cooperation and communication, HKHA has established effective means of liaison with Mainland authorities and agencies to facilitate the detection of tenants' property ownership in the Mainland. We are pleased to note that HKHS will follow the practice of HKHA in strengthening this aspect.

HKHA and HKHS Should Strengthen Communication with TD

7.18 Unlike domestic property ownership, it is not a violation for PRH tenants to own motor vehicles, but ownership of prestige cars can provide a clue for tracing whether they have made false statements or omitted declaration. While tenants have all along been required to include the value of motor vehicles in the calculation of assets based on the specified formula when declaring their income and assets, HKHA and HKHS might not have proactively communicated with TD in the past to verify whether the particulars furnished were correct. In recent years, HKHA and HKHS have indicated that they would pay closer attention to the vehicles parked in the monthly parking spaces of PRH estates under their management as a clue for investigating the income and assets of the tenants concerned. As a result, they have successfully detected tenants with undisclosed information. However, some PRH tenants who intend to evade investigation may choose to park their vehicles in private car parks at higher fees instead of PRH car parks. To plug the loophole and obtain tenants' information more conveniently, HKHA and HKHS should further strengthen communication with TD for obtaining the information of registered vehicle owners whose registered residential or correspondence addresses are PRH flats. It will enable HD and HKHS to check any ownership of expensive vehicles and Mainland vehicle licences, whether tenants have withheld information or made false statements, and whether their incomes and assets comply with the prescribed levels.

7.19 Furthermore, this Office is aware that HKHS will apply smart technology and collaborate with start-ups on innovative solutions, using artificial intelligence to evaluate the vehicles parked in rental estates based on photographs, thereby tracing any tenants with excessive assets. We urge HKHS to conduct regular and timely review on the effectiveness of the innovative application, share experience with HKHA and explore extending it to more public housing estates.

(III) DETECTION OF PRH ABUSE RELATING TO OCCUPANCY STATUS

7.20 While the public are generally more concerned about the serious PRH abuse relating to income and assets declaration, i.e. those cases with excessive income and assets or domestic property ownership in Hong Kong, many serious abuse cases are relating to occupancy status, i.e. non-occupation, non-domestic usage, or subletting PRH flats for financial gain. Taking HKHS as an example, between 2018 and 2023, non-occupation accounted for 82.9% of the flats recovered due to PRH abuse, while furnishing false particulars of property ownership accounted for only 7.1% (see **Table 21**). To address abuse relating to occupancy status, HKHA and HKHS have introduced a new requirement under the enhanced WTP that all tenants who have admitted to PRH for two years (only applicable to HKHS tenants who have signed the tenancy agreement with the WTP terms) must declare their occupancy status biennially. The requirement serves a dual purpose of regularly reminding tenants that they are obliged to reside in their flats pursuant to tenancy terms, as well as enabling prosecution of tenants who have made a false statement in breach of the tenancy agreement for greater deterrence. On the detection of abuse relating to occupancy status, this Office has the following observations and comments.

HKHS Too Lenient with Serious Tenancy Abuse

7.21 Before August 2024, HKHS would require the tenants in substantiated abuse cases to rectify the breach according to the time frame specified in its operational manual. Under the Warning Letter System, HKHS classified tenancy abuse into two main categories: (1) non-occupation, engaging in illegal activities inside the flat, non-domestic usage and false declaration; and (2) subletting or reletting the flat. From issuing a written confirmation to the tenant after the abuse is substantiated to issuing the third warning letter, periods were allowed for rectification (see **Table 8**).

7.22 This Office considers it essential to take strong action against PRH abuse. Once such cases are detected and substantiated, HKHS should initiate the process immediately to terminate the tenancy and recover the flats, just like the practice of HKHA. However, HKHS's Warning Letter System in the past allowed tenants in serious abuse cases to continue residing in their flats after rectification, despite a lot of time and resources spent on detection and investigation. They were also given a very lenient period to rectify the breach, which in effect allowed them to continue with PRH abuse before the final deadline. In the case of subletting, for example, tenants were given a period to rectify the breach before HKHS issued the third warning letter. In other words, they could continue subletting the flat for financial gain in the interim.

7.23 This Office is of the view that HKHS's Warning Letter System significantly undermined the vigour and effectiveness of its efforts in combating and preventing PRH abuse. Following our direct investigation operation, HKHS has reviewed its former practice of being too lenient with serious tenancy abuse. Once serious abuse is substantiated, it will now initiate the process immediately to terminate the tenancy without giving any warning to the tenant (see **para. 6.22**). We urge HKHS to remind all staff to strictly adhere to the new practice and review its implementation in a timely manner.

Routine Home Visits of HKHA and HKHS Ineffective for Detecting PRH Abuse

7.24 Routine home visits form one of the measures to detect PRH abuse relating to occupancy status. These visits also serve other purposes, such as understanding the change in family circumstances, conditions of PRH facilities and living conditions of tenants, and maintaining communication with tenants. **Chapter 4** of this investigation report details the arrangements of HKHA and HKHS for routine home visits and our inspection findings (see **paras. 4.24 to 4.36**). To summarise, HD might need to make multiple attempts before successfully entering a flat for surprise home visit. On the other hand, HKHS's practice of home visits by appointment might allow tenants to create the false appearance of compliance, thereby evading checks or concealing situation of abuse.

7.25 Moreover, despite successful entry into a flat for home visit, estate management staff can only meet with some of the family members in most cases. They might not have the chance to understand the actual occupancy status of each member, especially whether any of them have moved out. **Cases (4), (5) and (7) in chapter 5** of this investigation report, which occurred between 2021 and 2023, precisely showed

that even though estate management staff found someone at home, the persons they met did not give a truthful account of the flat's actual occupancy status, and the staff were unable to collect effective evidence. These cases reflected that the authorities might not be able to detect whether the tenants' occupancy status is in compliance with the tenancy terms simply relying on home visits.

7.26 As mentioned in **paragraph 4.30**, when drawing up the guidelines on home visits, HD and HKHS have only standardised the workflow and checklists, and reminded staff of the points to note and techniques. Investigation methods vary with different estate management staff, whose enquiry techniques and subsequent follow-up actions can affect the effectiveness of home visits in detecting irregularities. In **chapter 5, cases (1) and (9)** of this investigation report, which occurred between 2021 and 2023, the estate management staff learnt from meeting with the tenants that the two flats had been unoccupied for a long time. After the two tenants claimed that they would continue residing in their flats, no further action was taken to monitor whether they resumed occupation as promised. Moreover, we note that HD's training on home visits focused on enhancing staff understanding of current policies and how to use the mobile device, while training on investigation and enquiry techniques was seldom provided. As for HKHS, during home visits its estate management staff mainly asked tenants about the fixtures of their flats, the need to install an emergency alarm system (commonly known as the Safety Bell), and the maintenance issues with other facilities. The occupancy status of family members was seldom asked, thus failing to serve the purpose of detecting PRH abuse.

7.27 As regards the monitoring of estate management staff in conducting home visits, while both HKHA and HKHS have a monitoring system in place (see **paras. 4.14 and 4.15**), we note a court case in 2024 in which HD's review discovered a Housing Officer's alleged fabrication of home visit records between November 2020 and December 2021. The case was subsequently referred to the Independent Commission Against Corruption for further action. We urge both HKHA and HKHS to draw on this case and explore any room for improvement in the existing arrangements and monitoring system for home visits, such as whether estate management staff have enough manpower or time to complete home visits within the time limit, and whether the proportion and practice of reviews and spot checks of records can be strengthened to avoid the recurrence of similar incidents. We are pleased to note that HD has revamped its operation system with a new function to record the location data whenever investigators input results into the system. Furthermore, HKHS launched an electronic platform for home visits between June and August 2024, and enhanced the monitoring

of home visits. Estate staff above the Assistant Manager rank will call tenants to spot-check the completion of home visits, and review the home visit reports submitted by all staff.

7.28 In sum, routine home visits provide a practical means for HKHA and HKHS to understand the conditions of PRH flats, tenants' occupancy status and demographic changes for timely handling of tenancy, rental or maintenance matters. However, the effectiveness of home visits in combating abuse largely depends on the investigation methods and techniques of estate management staff and their subsequent actions. If they are just going through the motions, home visits will not achieve the intended purposes. Even though estate management staff have conducted routine home visits according to operational guidelines, their success rate of detecting abuse relating to occupancy status is not high, given the large amount of manpower and time required. In the long run, we recommend that HKHA and HKHS review whether there is any duplication of resources or possibility of revamp between the arrangement of routine home visits and other measures against PRH abuse, thereby ensuring that the measures for combating abuse are complementary and more effective as a whole. After review, if routine home visits are still considered essential for combating abuse, HKHA and HKHS should ensure the efficiency and cost effectiveness of home visits for detecting abuse. Existing arrangements for home visits should be comprehensively reviewed from the perspectives of raising the success rate of surprise visits and the success rate of abuse detection. Consideration can be given to: deploying manpower flexibly to increase the number of surprise visits during non-office hours, adjusting the timing of surprise visits according to the flat types and demographic composition of specific PRH estates, providing estate management staff with specific training on investigation techniques for home visits, and drawing up clear guidelines on the subsequent actions after home visits and the monitoring measures; HKHS should also review the arrangements for home visits by appointment.

To Obtain Tenants' Information from Relevant Departments More Proactively

7.29 Under the existing mechanism, SWD will notify HD of the personal data of elderly persons admitted to subsidised residential care places (see **para. 3.38**), and the information of PRH tenants participating in the Guangdong and Fujian Schemes (see **para. 3.40**). At the request of HD, SWD will also provide the information of individual tenants relating to social security assistance. According to information we received from SWD, the number of enquiries made by HD with SWD for the information of individual tenants relating to social security assistance increased by more

than 67%, from 1,750 in 2021 to 2,929 in 2023 (see **Table 10**). Apart from SWD, ImmD will provide, at the request of HD, individual tenants' registration of persons records, immigration records, marriage registration records and death registration records. As shown in **Table 10**, the number of such requests made by HD with ImmD increased significantly over recent years. The trends showed that HD has been more proactive in obtaining information about individual tenants from SWD and ImmD.

7.30 In **chapter 5, cases (5), (7), (8) and (9)** of this investigation report, which occurred between 2021 and 2023, the tenants were absent from Hong Kong on a long-term basis. Living overseas or in the Mainland, they left the PRH flats unoccupied. In **case (5)**, the flat was even advertised for subletting online. In fact, HKHA and HKHS could easily find out that the tenants were not residing in the flats continuously by requesting their immigration records from ImmD. However, HKHA and HKHS adopted a risk-based strategy in the past and focused resources on in-depth investigation of high-risk or suspected abuse cases revealed by tip-off or detection. It was impossible to conduct in-depth investigation on all tenants. Therefore, the crux of the matter is whether HKHA and HKHS staff can promptly detect PRH abuse and approach other government departments for relevant information of the tenants concerned. Given that there are more than 840,000 PRH households, HKHA and HKHS should conduct more precise investigation according to the allocation of resources. To avoid oversight, we recommend that estate management staff immediately and proactively consider obtaining information of tenants from the relevant departments whenever they are aware of possible PRH abuse for stronger crackdown.

HKHA's New Award System Inadequate to Incentivise Individual Staff of Property Services Agents and Security Services Contractors

7.31 In their daily performance of management or patrol duties, the staff of property services agents and security services contractors should be able to grasp the occupancy status of PRH flats. For example, they might become aware of tenants' prolonged absence from home, flats frequented by strangers, flats persistently without lights at night time, or overflowing mailboxes. These suspicious cases (such as **cases (1), (5), (7), (8) and (9)** in **chapter 5** of this investigation report, which occurred between 2021 and 2023) should be reported to HD and HKHS for further monitoring or investigation. Particularly, the case of flat subletting is different from that of non-occupation. HKHA and HKHS staff may not be able to detect abuse by monitoring the water and electricity consumption or by checking the immigration records of relevant tenants, as the flat is occupied by unauthorised persons who still consume public

utilities, and the household appliances indicate that someone is living there. To identify these abuse cases, it is even more essential to leverage the surveillance of property services agents and security services contractors. However, our investigation revealed that in most cases, property services agents and security services contractors often only took action at the request of the EMOs or the PHRM, such as monitoring suspected cases of PRH abuse, tracking the records of water and electricity consumption, and assisting in surprise home visits. They seldom took the initiative to report suspected cases to HD.

7.32 Since the third quarter of 2023, HKHA has incorporated an award system in the performance assessment scoring for property services agents and security services contractors (see **para. 6.9**). Under which, HKHA will award additional marks in their performance assessment for putting in extra resources leading to HKHA's issuance of NTQ in PRH abuse cases, which will increase their opportunity of tender submission and tender award in future. However, the award system may not be adequate to encourage individual staff members to proactively monitor the situation of flats or tenants and report their observations to superiors.

7.33 HD presents the Best Security Staff awards annually to encourage security personnel to go the extra mile in reporting suspected cases of PRH abuse. To promote a greater monitoring role for the staff of property services agents and security services contractors, HKHA should consider formulating specific incentive schemes motivating individual staff members to participate in combating PRH abuse. We consider that to enhance effectiveness, HKHA should provide the staff of property services agents and security services contractor with observation training for detecting PRH abuse, raise their vigilance and sense of responsibility in reporting suspected cases to the EMOs, and draw up guidelines for reference and compliance by staff.

HKHS Should Step up Monitoring Water Consumption of Tenants Regularly

7.34 The PHRM of HD regularly notifies the EMOs, via computer system, of tenants with unusually low water consumption in their respective housing estates. Estate management staff are required to follow up and complete the investigation within three months. When examining some early cases⁵⁰ of HKHS, we noted that there were no similar measures in place like those of HD to proactively monitor the water

⁵⁰ Since January 2023, HKHS has received information about rental flats with abnormal water consumption from WSD.

consumption of tenants for clues to initiate in-depth investigation. It was often only after commencement of investigation that HKHS deployed staff to monitor the water consumption of a suspected flat for evidence of PRH abuse (see **para. 5.49**). We urge HKHS to follow the practice of HD and step up monitoring of water consumption of rental flats, thereby detecting those with abnormal water consumption for further investigation.

HKHS Has Not Established a Notification Mechanism with SWD

7.35 HKHA has established a notification mechanism with SWD years ago, under which SWD will notify HD of the personal data of elderly persons admitted to subsidised residential care places, and the information of PRH tenants participating in the Guangdong and Fujian Schemes. The mechanism has been operating smoothly. HKHS should consider following suit and liaising with SWD to set up a similar notification mechanism as HD's, so as to gain a more comprehensive understanding of the situation of tenants.

7.36 This Office considers that government departments establishing notification mechanisms with HD and HKHS to provide information of tenants, regularly or as needed, is effective for combating PRH abuse. Through this direct investigation operation, we urge relevant departments or organisations to support HKHS's work against abuse and to strengthen communication and information exchange with HKHS, thereby enhancing the overall effectiveness of combating PRH abuse.

(IV) FOLLOW-UP ACTIONS ON ABUSE CASES

HKHA's Prosecution Rate Too Low to Create Deterrent Effect

7.37 While HKHA is empowered to prosecute any person who makes a false statement in the declaration form pursuant to section 26(1)(a) of the Housing Ordinance (see **para. 2.3**), its prosecution rate over the past seven years in respect of PRH abuse cases ranged from only 1.7% to 4.2% (see **Table 19**). As the prosecution rate is extremely low, there are public views that the deterrence is inadequate, leading tenants to be heedless of the consequences of concealing their income or assets, with a wrong perception that the worst-case scenario will be surrendering the flat and no legal liability will be incurred.

7.38 This Office recognises that whether HKHA will initiate prosecution in a case depends on various factors, including available evidence, legal advice, and whether the prosecution time limit has expired. According to The Ombudsman Ordinance, the decision to prosecute any individual for any offence is not subject to our investigation. After examining the case files, nonetheless, we found that the prosecution time limit⁵¹ had expired in many cases when the PRH abuse was discovered. Consequently, HKHA was unable to prosecute tenants for making false statements even though sufficient evidence was available. To enhance deterrent effect and cost efficiency, we recommend that HKHA should consolidate experience and comprehensively review how to identify and collect sufficient evidence for prosecution within the limitation of time, thereby raising the prosecution rate to the extent that PRH abusers will be compelled to surrender their flats voluntarily. This Office is pleased to note that HD is currently exploring amendments to the Housing Ordinance to extend the time limit of prosecution against PRH abuse involving false statements.

To Explore Heavier Penalties Against PRH Abuse

7.39 Before the enhanced WTP was implemented by HKHA, only abuse relating to “income and assets declaration” will be prosecuted on the grounds of making false statements. As for abuse relating to “occupancy status”, even for such serious cases as subletting or engaging in illegal activities inside the flat, the most serious consequences would only be termination of tenancy, surrender of the flat to HKHA and disqualification from applying for public housing again within two years. In **chapter 5, case (5)** of the investigation report, the tenant had sublet the flat to unauthorised persons for financial gain at the expense of public resources. Even after the abuse was substantiated in July 2023, HD eventually took about five months to recover the flat (on 28 December 2023), while the subletting continued in the interim. Such serious abuse only resulted in surrender of the flat, which was a very minor consequence for the tenant who had already moved abroad and no longer lived in the flat.

7.40 HKHA has required tenants to declare their occupancy status biennially under the enhanced WTP. Tenants making false statements are liable for prosecution, and the period of disqualification from applying for public housing has been extended from two to five years. However, during the Annual Special Open Meeting of HKHA

⁵¹ Within 2 years after the commission of the offence or within 6 months after the discovery thereof by an authorised officer, whichever period expires first.

held on 7 June 2024, some members noted that the current penalties were lenient, with most tenants violating the law ultimately facing only fines or suspended sentence. They suggested that HKHA impose heavier penalties, such as further extending the application period of those tenants after being disqualified for five years. As mentioned in **paragraph 7.37**, HKHA’s prosecution rate for PRH abuse cases over the past seven years was only 4.2% at the highest, and the most severe penalty imposed on tenants making a false statement of income or assets was imprisonment without suspension for 30 days, which might not have an adequate deterrence.

7.41 As HKHS is not vested with the statutory power to prosecute, its tenancy management is entirely based on the terms of tenancy agreement. The penalties imposed by HKHS in PRH abuse cases are even milder and less deterrent than those imposed by HKHA. In view of the current situation of inadequate deterrence and lenient penalties, we recommend that HKHA and HKHS explore any room for imposing heavier penalties on tenants for PRH abuse, including additional sanctions through administrative measures to achieve a greater deterrence. This Office is pleased to see that HD is currently exploring amendments to the Housing Ordinance to raise the penalties for PRH abuse and criminalise such serious abuse as subletting and reletting.

HKHA Lacking Records and Analysis of Data

7.42 During our direct investigation operation, we requested HD to provide statistics on suspected cases of PRH abuse completed by the PHRM, with a breakdown by types of abuse (such as non-occupation, subletting, false statements, etc.) (referred to as “Data A”), and statistics on the enquiries made by the PHRM with local and cross-border government departments and organisations, and the replies received (referred to as “Data B”). Regarding Data A, HD replied that it only categorised abuse cases as relating to “occupancy status” and “income and assets declaration”. As for Data B, HD initially said that the PHRM had not maintained centralised statistics. However, after reviewing the case files over the past two years, HD could ultimately provide the number of enquiries made with various cross-border departments or organisations between April 2021 and the end of November 2022 regarding cases with specific information for further action.

7.43 This Office considers that to ensure the desired effect achieved by the policies and measures against PRH abuse, prevent loopholes from occurring and refine the measures and operational guidelines where necessary, HKHA should regularly review the effectiveness in implementing the policies. The collection and analysis of

statistical data on cases is an integral part of the review. However, HKHA currently has no centralised data about information obtained from other departments or organisations, nor has it compiled breakdown data on PRH abuse. To gain a more comprehensive understanding of the actual situation, analyse the work efficiency, and adjust the relevant strategies and enhancement measures, we recommend that both HKHA and HKHS step up the collection and analysis of data relating to crackdown on PRH abuse.

(V) OTHERS

Lack of Computerised Management of Case Investigations and Follow-up Actions

7.44 Although HD has a dedicated computerised management system to record and follow up on daily management of tenancy matters and routine home visits, it has not computerised the management of investigation of PRH abuse cases. EMO and PHRM staff still record information on paper files, which are passed on to responsible officers at the next stage for further action. Entirely relying on paper files for recording and managing case investigations and follow-up actions has an impact on the subsequent case monitoring, data collection and analysis, and even the speed of case processing. If HD intends to study and review the follow-up actions, the handling procedures at various stages, and the effectiveness of combating PRH abuse, it will need to go through the paper files one by one, which is a time-consuming and cumbersome exercise.

7.45 Following the launch of our direct investigation operation, HKHA has reviewed its existing practice and set up a new computer system for storing the case information, procedures and investigation results of frontline estate management and the PHRM in relation to work against PRH abuse for better monitoring (see **para. 6.10**). We urge HKHA to equip the computerised management system with data collection and analysis functions (see **para. 7.42**) to enhance the effectiveness of its work against PRH abuse. While HKHS has already followed HKHA's practice in using an electronic platform to facilitate home visits, we recommend that HKHS further consider computerising the management of its work against PRH abuse.

Lack of Transparency in Following up on Reports

7.46 Apart from the occasional complaints received, this Office has been informed by members of the public that after reporting cases of PRH abuse to HD, they

were refused disclosure of HD's follow-up actions and investigation results on the grounds of protecting third-party privacy. The public considered that the lack of transparency gave the impression that HD was slipshod and ineffective in investigation. Some even queried whether HD had followed up on the reports received at all.

7.47 This Office recognises the importance of protecting third-party privacy. However, with the Report Public Housing Abuse Award launched for provision of accurate information on PRH abuse, it is expected that more reports will be received, and informants will be anxious to know whether HD has followed up on their reports seriously. To enhance transparency and avoid misunderstanding, we recommend that both HKHA and HKHS consider giving a concise account of their follow-up actions to informants as far as possible without disclosing the personal data of third parties or affecting the progress of investigation.

HKHA and HKHS Should Strengthen Communication and Liaison on Combating PRH Abuse

7.48 Although HKHS has no statutory power or housing regulations supporting its operation of public housing, its tenants represent only a small fraction of all public housing tenants in Hong Kong (see **para. 1.2**) and not all of them are covered by the WTP (see **paras. 2.16 and 2.17** and **Table 2**), it is a provider of public housing after all. There are many areas of mutual reference and complementarity between HKHS and HD in their strategies and efforts against PRH abuse. Currently, HKHA and HKHS have formulated their own WTP and anti-abuse measures. Although their measures and practices are similar, as mentioned above, HKHS still has room for improvement in the handling of substantiated abuse cases, arrangements for routine home visits, notification mechanism with other departments, detection of PRH abuse, and formulation of new measures. HKHS should consider drawing on the more extensive experience of HKHA in handling PRH abuse.

7.49 HD and HKHS have maintained communication to exchange and share experience, including holding work meetings, and sharing investigation techniques and points to note by the PHRM with HKHS staff. To facilitate synergy and mutual exchange, we recommend that HKHA and HKHS step up information exchange and experience sharing on their work against PRH abuse.

Training on Investigation Techniques to be Strengthened

7.50 As mentioned in **paragraph 5.49**, low water consumption, rent arrears, unreachable tenants or family members are probably signs of PRH abuse. The ability of frontline estate management staff to discern these signs and take proactive action is one of the important factors in the successful detection of PRH abuse. Moreover, online advertisements or posts for subletting of PRH flats appear from time to time. If HKHA and HKHS staff can track down the relevant tenants more accurately and effectively, they can prevent PRH abuse at an early stage.

7.51 In this light, we recommend that HKHA and HKHS consolidate experience from various cases of PRH abuse and formulate a targeted and effective approach to detect and investigate such cases. Relevant training should be provided for frontline estate management staff or PHRM staff to enhance their sensitivity in discerning PRH abuse and capability to take corresponding actions on the clues or information obtained, resulting in more effective detection of PRH abuse.

Flexible Allocation of Resources for Investigation of PRH Abuse

7.52 With the strengthened efforts and publicity campaigns against PRH abuse, the workloads of HD and HKHS are expected to increase significantly. While HKHA and HKHS have established the Enforcement and Investigation Teams and the Housing Resources Management and Operations respectively with more human resources allocated for handling abuse cases, the challenge is noticeable. For instance, HKHS received around 85 reports in the entire year of 2023, but in the first five months of 2024 alone, it already received over 150 reports, which almost doubled previous year's total. Given that HD manages over 2 million residents, its workloads are undoubtedly heavy. The PHRM with a staff of about 100 only has heavy workloads in the first place, as it is already required to stringently investigate over 12,000 cases each year. Even with the Enforcement and Investigation Teams newly established by HD, the specialised teams of just eight members may not be sufficient to cope with the surge in workloads.

7.53 Meanwhile, as announced in the Chief Executive's 2024 Policy Address on 16 October 2024, HKHA would launch in January 2025 the "Cherish Public Housing Resources Award Scheme" (subsequently renamed as the "Report Public Housing Abuse Award") offering rewards for provision of concrete information on PRH abuse, thereby detecting more abuse cases. To prevent misuse and ensure the truthfulness of the information provided, Award participants have to provide their real names and be interviewed by dedicated personnel. HD needs to deploy additional manpower to

implement the Award and conduct in-depth investigation into the reports, so as to enhance the success rate under the Award and avoid discouraging the public from reporting.

7.54 To effectively implement the enhanced efforts in combating PRH abuse and the recommendations made in this direct investigation operation, we recommend that HKHA and HKHS review the allocation of resources according to actual circumstances, with timely increase of resources and adjustment of workflow to ensure continued effectiveness of their work combating PRH abuse.

(VI) VETTING ASSETS OF PRH APPLICANTS

HKHA and HKHS Failing to Stringently Vet PRH Applicants' Property Ownership

7.55 We consider that if HKHA and HKHS deepen the reform of the mechanism against PRH abuse and adopt the improvement measures detailed above to eliminate ineligible PRH applicants at source, the effectiveness will increase exponentially. It is therefore crucial to tackle the problem of PRH abuse at source by cancelling ineligible applications and allocating PRH resources to those in genuine need. According to the current procedures, after receiving a PRH application, HD will conduct a preliminary vetting of the application form and documents. The application will be registered after passing the preliminary vetting. When the application reaches the detailed vetting stage, HD will arrange detailed vetting interviews with the applicant and family members in sequence to ascertain their eligibility for flat allocation. Nevertheless, in **chapter 5, case (2)**, which occurred in 2020, the applicant owned domestic properties in Hong Kong at the time of applying for public housing. As HD had not yet established a data matching and verification mechanism with LR, it was unable to discover at the detailed vetting stage that a family member of the PRH application was ineligible due to domestic property ownership in Hong Kong, leading to the allocation of public housing to them. Before the new system implemented in 2023, HD apparently did not conduct comprehensive vetting on all family members of each PRH application regarding their domestic property ownership in Hong Kong. Since mid-2023, HD and LR has in place a data matching and verification mechanism for conducting a land search on all PRH applicants before confirming their eligibility for PRH allocation, and robustly screen them for any domestic property ownership in Hong Kong. Apart from cancelling the applications, HKHA will consider prosecuting the applicants found to have made false statements.

7.56 This Office notes that, apart from conducting land search in 2023 on some PRH tenants through the data matching and verification mechanism established with LR, HKHA also used this mechanism to discover the records of domestic property ownership in Hong Kong of over 1,100 applicants under the Home Ownership Scheme 2023. These applications were cancelled, and prosecutions were brought based on specific circumstances. In this regard, we reckon that to achieve effective gatekeeping and cost efficiency, HKHA and HKHS should consider adopting the effective data matching mechanism with LR mentioned above to screen PRH applicants and their family members for any domestic property ownership in Hong Kong before confirming their eligibility for PRH allocation. During the waiting period of PRH applicants, the authorities should also conduct in-depth investigation of randomly selected cases to detect if any applicants have withheld information on income or assets, and cancel the applications of those who fail to pass the eligibility test.

7.57 In addition, the issue of vetting the assets of PRH applicants outside Hong Kong has all along been a matter of concern. Over the past year or so, HKHA has been more proactive in making enquiries with Mainland and Macao authorities or agencies and requesting them to provide information of tenants, resulting in recovery of PRH flats (see **para. 6.15**). Similarly, to combat PRH abuse at source, HKHA and HKHS should proactively consider vetting PRH applicants' property ownership in the Mainland or Macao, and establishing channels for such purpose in liaison with Mainland and Macao authorities or agencies. As for the vetting of overseas property ownership, we understand that it depends on whether overseas governments or relevant organisations are willing to cooperate in providing information on the tenants concerned. Nonetheless, we recommend that HKHA and HKHS continue to explore feasible ways of tracing the overseas property ownership of PRH applicants and tenants, thereby further enhancing the effectiveness of their work against PRH abuse.

RECOMMENDATIONS

7.58 Overall, The Ombudsman recommends that HKHA and HKHS:

- (1) remind all EMO and TMO staff to strictly adhere to the guidelines in their daily management of rental or tenancy matters, and vet the PRH eligibility of relevant applicants or families in accordance with the policy (see **para. 7.8**);

- (2) consider strengthening the vetting of “take-over tenancy” applications, and checking any domestic property ownership in Hong Kong of principal tenants and their family members (see **para. 7.11**);
- (3) remind estate management staff to stringently scrutinise the particulars in the declaration forms submitted by tenants, to be more vigilant in clarifying suspicious or incomplete information, and to be more proactive in obtaining tenants’ relevant information from other government departments or organisations where necessary (see **para. 7.13**);
- (4) explore the feasibility of comprehensive screening of all PRH tenants through land search regularly (see **paras. 7.14 and 7.15**);
- (5) explore ways to enhance communication with Mainland and Macao authorities and agencies, and establish channels as far as practicable, for more convenient access to information about tenants’ property ownership in the Mainland or Macao (see **para. 7.17**);
- (6) consider strengthening communication with TD for obtaining the information of registered vehicle owners whose registered residential or correspondence addresses are PRH flats where necessary (see **para. 7.18**);
- (7) explore any room for improvement in the existing arrangements and monitoring system for home visits, especially the deployment of manpower, whether estate management staff have enough time to complete home visits within the time limit, and whether the proportion and practice of reviews and spot checks of records can be strengthened (see **para. 7.27**);
- (8) in the long run, review whether there is any duplication of resources or possibility of revamp between the arrangement of routine home visits and other measures against PRH abuse, thereby ensuring that the measures for combating PRH abuse are complementary and more effective as a whole (see **para. 7.28**);

- (9) after review, if routine home visits are still considered essential for combating abuse, comprehensively review the existing arrangements from the perspective of raising the success rate of surprise visits, such as deploying manpower flexibly to increase the number of surprise visits during non-office hours, and adjusting the timing of surprise visits according to the flat types and demographic composition of specific PRH estates (see **para. 7.28**);
- (10) after review, if routine home visits are still considered essential for combating abuse, comprehensively review the existing arrangements from the perspective of raising the success rate of abuse detection, such as providing estate management staff with specific training on investigation techniques for home visits, and drawing up clear guidelines on the subsequent actions after home visits and the monitoring measures (see **para. 7.28**);
- (11) proactively consider obtaining information of tenants from the relevant departments whenever estate management staff are aware of possible PRH abuse (see **para. 7.30**);
- (12) consider formulating specific incentive schemes to motivate staff members of property services agents and security services contractors to participate in combating PRH abuse (see **para. 7.33**);
- (13) for the sake of enhancing effectiveness and if feasible under contractual terms, provide the staff of property services agents and security services contractor with observation training for detecting PRH abuse, and raise their vigilance and sense of responsibility in reporting suspected cases to the EMOs (see **para. 7.33**);
- (14) explore any room for imposing heavier penalties on tenants for PRH abuse, especially for cases not in breach of the law, where HKHA and HKHS can still impose additional sanctions through administrative measures to achieve a greater deterrence (see **para. 7.41**);
- (15) step up the collection and analysis of data relating to crackdown on PRH abuse to gain a more comprehensive understanding of the actual

situation, analyse the effectiveness of work, and adjust the relevant strategies and enhancement measures (see **para. 7.43**);

- (16) for the sake of enhanced transparency and avoidance of misunderstanding, consider giving a concise account of their follow-up actions to informants as far as possible without disclosing the personal data of third parties or affecting the progress of investigation (see **para. 7.47**);
- (17) for the sake of facilitating synergy and mutual exchange between HKHA and HKHS, strengthen communication and liaison with more information exchange and experience sharing on their work against PRH abuse (see **para. 7.49**);
- (18) continue to consolidate experience from various PRH abuse cases, formulate a targeted and effective approach to detect and investigate such cases, and provide relevant training for frontline estate management staff or PHRM staff to enhance their sensitivity in discerning PRH abuse and capability to take corresponding actions on the clues or information obtained (see **para. 7.51**);
- (19) review the allocation of resources according to actual circumstances, with flexible deployment of manpower and adjustment of workflow to ensure continued effectiveness of their work against PRH abuse (see **para. 7.54**);
- (20) consider conducting a land search on all PRH applicants through the data matching and verification mechanism established with LR before confirming their eligibility for PRH allocation, robustly screening them for any domestic property ownership in Hong Kong, and randomly selecting cases for in-depth investigation during the waiting period of PRH applicants, so as to intercept PRH abuse at source (see **paras. 7.55 and 7.56**);
- (21) proactively consider liaising with Mainland and Macao authorities or agencies to establish channels for vetting PRH applicants' property ownership in the Mainland or Macao (see **para. 7.57**); and

(22) explore feasible ways of tracing the overseas property ownership of PRH applicants and tenants (see **para. 7.57**).

7.59

The Ombudsman recommends that HKHA:

(23) draw on experience and comprehensively review its strategies and policies to raise prosecution rate, and explore ways to identify and collect sufficient evidence for prosecution within the limitation of time for prosecution, thereby enhancing deterrent effect and cost efficiency to the extent that tenants who have been abusing PRH will surrender their flats voluntarily (see **para. 7.37**); and

(24) equip the new computerised management system with data collection and analysis functions to enhance the effectiveness of its work against PRH abuse (see **para. 7.45**).

7.60

The Ombudsman recommends that HKHS:

(25) study anew the full implementation of the WTP, seek legal advice and seriously explore ways to cover all tenants of its rental estates under the WTP as soon as possible (see **para. 7.5**);

(26) remind all staff to strictly adhere to the practice of issuing the NTQ outright to tenants in serious breach of the tenancy agreement without prior warning, and review the implementation of the new practice in a timely manner (see **para. 7.23**);

(27) review the existing arrangements of accepting appointments for routine home visits (see **para. 7.28**);

(28) continue to follow HKHA's practice in monitoring the water consumption of rental flats, and conduct further investigation if anomaly is detected (see **para. 7.34**);

(29) consider liaising with SWD to set up a notification mechanism in the same way as HKHA (see **para. 7.35**);

(30) consider following HKHA's practice in computerised management of work against PRH abuse (see **para. 7.45**); and

(31) consider drawing on the more extensive experience of HKHA in handling PRH abuse (see **para. 7.48**).

ACKNOWLEDGEMENTS

7.61 The Ombudsman thanks HKHA and HKHS for their cooperation during this investigation, and members of the public for submitting their valuable opinions on this topic.

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