

Housing Crisis in Hong Kong

By Calissa Poon

What is the definition of “Housing Crisis”?

The definition of a housing crisis is when somebody doesn't have access to a safe, decent home that's suitable for his/her needs and that they can afford to live in.

How many people are facing a housing crisis in Hong Kong?

According to the latest report from Our Hong Kong Foundation on Hong Kong's land and housing supply crisis, private residential development has fallen from a peak of 25,500 units in 2017-18 to 13,020 units in 2020-21. Along with the reduction in quantity has come a decrease in quality. According to the South China Morning Post, a whopping one-in-five who can't afford housing or other basic necessities. The projected number of households living in poor conditions has also risen to 200,000, which is about 19.7% of the population in Hong Kong. According to the Demographia survey that was conducted in 2019, Hong Kong has a Median Multiple of 20.9, the least affordable Median Multiple yet recorded. For the ninth year in a row, Hong Kong has the worst housing affordability in the Demographia International Housing Affordability Survey.”

Why is there a housing crisis in Hong Kong?

The average price of property reaches almost \$3,200 per square foot, and an average home costs around \$1.28 million. A tiny “nano apartment” can cost Hong Kong residents up to \$500,000. The monthly rent for almost half of the city's apartments is \$2,550, which is 122 percent of what an average individual makes in a month. Since rent free has been rising rapidly, a lot of people cannot afford to buy homes.

Why is “Housing Crisis” such an important problem that needs to be solved?

Housing is the key to reducing intergenerational poverty and increasing economic mobility. Stanford economist Raj Chetty found that children who moved to lower poverty neighborhoods saw their earnings as adults increase by approximately 31%, an increased likelihood of living in better neighborhoods as adults, and a lowered likelihood of becoming a single parent. Children with affordable homes are more likely to thrive in school and have greater opportunities to learn inside and outside the classroom. Children experiencing homelessness or living in small places are four

times more likely to show delayed development and twice as likely to have learning disabilities compared to non-homeless children. These children are our future workers and leaders. The current social impact is clear, and we would also be wise to consider the long term economic impact of a future workforce that has not been able to study in a safe environment, a future workforce that is vulnerable to weather and disease. These deprivations during childhood can have a lasting negative impact on a person's ability to get the education necessary to find a good-paying job. This in turn has a negative impact on the economic health of the whole community. Additionally, Increasing access to affordable housing can bolster Hong Kong's economy. Each dollar invested in affordable housing boosts local economies by leveraging public and private resources to generate income—including resident earnings and additional local tax revenue—and supports job creation and retention.

What can we do to help solve the problem?

There are several ways to tackle the deeply rooted problem of housing cruising in Hong Kong. First, housing supply can be increased by converting some non-residential land for housing development. For example, by the end of 2017, the Hong Kong government had selected 215 land plots that could be used for residential construction; and as of April 2021, 70% of those plots had been redeveloped for residential use or were under construction. Nevertheless, to speed up such redevelopment programs, the Hong Kong government has to expedite the complicated administrative approval procedures of application for redevelopment (which usually takes at least six years).

Second, the government may consider moving major prisons of correctional services, which currently occupy prime locations in the city, to remote islands, so that the land could be used for public housing development.

Finally, the development of new land, such as that of new development areas and land reclamation, would be an effective solution to the problem. For example, land reclamation projects near the waters of Lantau Island could potential create thousands of hectares of new lands, creating residential units for over 1 million of residents.

Last but not least, the government should mandate the city's powerful tycoons to pour resources in public housing development projects amidst their lucrative private housing projects.

With the collective efforts from the government and major private property developers, the problem of housing crisis may be alleviated.