

## Executive Summary

Co-living is a modern form of shared housing that combines private living spaces with shared communal facilities. It provides an affordable housing alternative by sharing expenses. The idea of co-living also emphasizes building up interpersonal networks and promoting social contact through community events.

The earlier form of co-living originated from Denmark's co-housing projects in the 1970s. This extended gradually to The Netherlands and onto the UK. In recent years, it can be seen throughout the US, across Europe, Japan, Taiwan, South Korea and other places in Asia. Co-living is not necessarily treated as a long-term solution for youth housing problems in those places. However, they might opt for co-living due to its affordability, lifestyle options and building up interpersonal networks.

Soaring property prices and high rentals has made Hong Kong the world's least affordable housing market for nine years in succession. According to Demographia, Hong Kong's median property price in 2018 was 20.9 times more than the median household income. Apart from the private market, the public housing supply barely meets young people's demand (of the 120,000 public rental-housing applicants in the Quota and Points System, 52% were under the age of 30). In addition, 67% of the applicants among the 55,000 White Form and One-person applicants in 2017 were under the age of 30. However, only 50 applicants were allocated flats.

With both the traditional private and public housing market not meeting their housing needs, more young people are opting for co-living (operated by NGOs or the private sector). In its 2011-2012 Policy Address, the government also proposed a Youth Hostel Scheme similar to co-living. In this scheme, the government would support NGOs to build more (and more affordable) places for young people. The initial estimate is that the 6 Hostels being proposed would provide 2,856 hostel units in Hong Kong.

In order to investigate young people's views on co-living, this research was conducted between May and July 2019 and data was collected for analysis through a survey of: 520 young people (aged 18-30); 20 young people

participating in case interviews; and interviews with eight experts or co-living operators.

This research also references the experiences of other places in developing co-living. The difficulties in developing co-living spaces in Hong Kong were also investigated in this study. Possible solutions will be highlighted that, it is hoped, would be helpful for the long-run development of co-living and providing a way out of the housing problems in Hong Kong.

## Main Discussion

- 1. Since the public and private housing markets barely meet the demand of young people, the government should adopt multi-pronged measures to widen the range of alternatives in order to solve problems of youth housing.**

Soaring property prices in Hong Kong makes home ownership for young people very difficult. In 2018 the median property price was 20.9 times than the median household income. Among the 520 youth respondents in our on-site survey, 64.6% said they had no plans to buy their own homes and 70.4% also said they had no plans to rent a unit in the next 5 years. The major reason was cited as being the lack of financial means.

The large number of applicants for public rental housing and the Home Ownership Scheme also means it is rare for young people to have their own living space. This survey also found that respondents were dissatisfied with the level of government support for youth housing, with the average response value being 4.52 (On a scale of 0-10: 0 means “strongly dissatisfied”; 10 meaning “strongly satisfied”).

The current level of public and private housing in Hong Kong cannot satisfy the housing needs of young people. They have to endure a lot of pressure that could negatively impact the steady development of our society. Therefore, apart from the options of ownership or the private rental market, the government should widen the range of alternatives and adopt multi-pronged measures in order to help solve youth-housing problems.

- 2. Developing co-living in Hong Kong could provide an affordable housing alternative for young people. It could also relieve the pressure on youth-housing problems by offering living spaces in a relatively short period while optimising the use of land.**

The co-living model has only emerged in Hong Kong recently, while it has been relatively popular for longer in Europe and

America. It provides an affordable housing alternative for young people as it could save on rental and living expenses through the sharing of living spaces, facilities and resources.

It could also relieve the pressure on youth-housing problems by offering living spaces in a relatively short period and optimising the use of land. As indicated by one of the co-living operators in an interview, they had planned to develop such units in old tenement or industrial buildings. In the survey, when asking the young people to rate their agreement with the statement: "Co-living could provide an alternative for young people", the average response value was 6.51.

In summary, developing co-living could serve as a housing alternative for young people in Hong Kong by providing an affordable housing alternative that optimises the use of land, in a relatively short period.

**3. The youth recognized the value of co-living in the interviews, while lack of privacy and space allocation were their main concerns.**

Although the youth recognized the value of co-living in the interviews, they also raised concerns about sharing living space with others. The average response value was 5.97 when respondents were asked to rate their agreement with the statement that "Co-living is not suitable for me as it shares part of the living space with others". Meanwhile, among the 68.3% respondents that would not opt for co-living, the major concern was also a lack of privacy (60.6%).

In terms of space design, some in the youth interviews believed that ideal co-living units should be comprised of sufficient personal and public areas. The public areas could serve to communicate and socialize with other residents, while the personal spaces should have a high degree of privacy. Overall, the importance of private space was revealed throughout the youth interviews.

Therefore, it is important for operators to balance the personal and communal areas when designing co-living spaces. As such bedrooms, the kitchen, and toilets should be more reasonably allocated to offer residents more privacy, while, facilitating communication through sharing the living room or working spaces.

#### **4. There are multi-dimensional difficulties in developing co-living in Hong Kong.**

Integrating the findings of the on-site survey and interviews with youths and experts, the following are the main barriers to developing co-living in Hong Kong:

##### **a. There is a lack of suitable buildings.**

As indicated in expert interviews, there are challenges in developing the number of co-living spaces required. Recent new-build housing units are too small for converting to co-living. However, developers tend to revitalize industrial buildings for Service Apartments or hotels as they are more profitable. Co-living operators also face difficulties in renovating old tenement buildings due to the high demand of urban renewal projects, that adds more cost pressure to building acquisition.

##### **b. Lack of awareness regarding co-living**

The concept is more familiar and well developed in Europe and America than it is in Hong Kong. In the on-site survey, 58.7% of the youth respondents had never heard about it before. This indicated that the co-living is still a new concept for young people in Hong Kong. This means the acceptance of co-living is relatively low and becomes an obstacle to further development in Hong Kong.

##### **c. Strict legal regulation in building renovation**

According to the expert interviews, strict building regulations are also one of the obstacles to developing co-living in Hong Kong. As the current legal requirements of the Building Ordinance are more stringent than it was decades ago, developers find it increasingly difficult to renovate old tenement buildings. Examples of this are the narrowness of stairs and the need to install lifts to cater for wheelchair users. These requirements make renovations prohibitive due to the costs involved and the lack of space.

#### **d. Difficulty of encouraging communication**

Among the 141 respondents, the on-site survey found that “savings on rent” (61.0%), “larger living space” (41.1%) and “more convenient location” (35.5%) were the main reasons for either now living in, or for considering to live in co-living units. However, only 28.4% said the reason was “more ways to socialize” and 15.6% said “building a support network with other residents”. Research reveals that saving rent and larger living space are more attractive reasons for young people to choose co-living.

### **5. The government should consider having a pilot youth co-living scheme. After that, co-living could be taken forward to other age groups.**

Overseas, operators tend to implement pilot schemes aimed at youth groups. When the pilot scheme has been well developed, they would then take the concept of co-living forward to other age groups (e.g. young people with elderly). In this survey, 54% of respondents said they were willing to be co-living with other unfamiliar young people. This compares to only 20% to 30% of respondents who would be willing to be co-living with other groups such as: the elderly; two-parent families; single-parent families or couples.

In the case interviews, some of them raised concerns about co-living with the elderly. One of the interviewees said the reason for young people to move out from their family was mostly due to disharmony with older relatives: young people that get along with

older generations would not opt for an independent living space. Another case interviewee however, did not rule out inter-generational co-living as a housing alternative.

At the current stage, youth co-living is more acceptable compared to other groups. Given this, the government could consider developing a pilot youth co-living scheme. Once adequate experience has been gained, the co-living model could then extend to other age combinations, such as youth with the elderly or youth with families.

## Recommendations

The following recommendations are proposed in this study:

- 1. The government should address young peoples' housing needs by adopting multi-pronged measures to widen the range of housing options.**

To address young peoples' housing needs and increase the opportunities to have their own living spaces, the government should adopt multi-pronged measures to widen the range of housing options. This research suggests that the government should assist by utilizing vacant properties to develop co-living as an affordable short-term housing option for young people.

- 2. Implement a co-living pilot scheme by optimising different vacant property.**

### **2.1 Renovating the Housing Authority's flatted factory estates.**

The Housing Authority is considering renovating their flatted factory estates into residential units. This study recommends that the authority should reserve some of the floors or units to develop youth co-living spaces. Through the practice of renovating factory estates, government initiatives could also serve as examples of Best Practice by showing how to cope with the Building Ordinance when renovating for residential use. To strike a balance between building safety and housing needs, guidelines and experience could be provided as a template for future development work.

### **2.2 Developing co-living through assisting and encouraging enterprises to perform their social responsibility.**

The government could develop co-living referencing the "Space Sharing Scheme for Youth". Inviting owners of industrial or old tenement buildings to provide units or floor area for the operation of co-living would help to demonstrate their contribution to social responsibility. Owners could be required to make the space

offered available for a number of years, which in turn can then be rented out to NGOs at a lower-than-market rate. As renovating industrial buildings also requires a large capital investment, the government could provide low-interest loans so encouraging interested developers by helping them to finance the development.

### **2.3 Optimising the use of land, by repurposing vacant school premises.**

To help fulfil the housing needs of young people, this report suggests the government should provide support for NGOs to operate co-living schemes using government-held land, such as vacant/ disused school premises in urban areas.

### **3. Promoting the concept of “community and collaboration” in co-living.**

To further develop co-living in Hong Kong, operators should improve the understanding of the concept among young people and the general public. It would need to be understood that personal and public areas are contained in co-living spaces. Most importantly, the core value of co-living is to encourage communication and collaboration through living together with other residents.

With the rapidly aging population in Hong Kong, more old people are either living alone or only with their spouse. The government could consider taking forward the co-living scheme to combine the youth and elderly. It would encourage inter-generational harmony through young people having an affordable housing alternative and the elderly having proper care in the community.