

**香港青年對家庭經濟依賴（二）
住房問題研究**

**A Study on Economic Dependence on Family
among Young People in Hong Kong (II)
Housing Problem**

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A Study on the Economic Dependence on Family among Young People in Hong Kong (II) – Housing Problem

Summary Report

According to the British scholar Gill Jones¹, 'Childhood' refers to a stage of economic dependence; 'Adulthood' is reaching a stage of economic independence; while 'Adolescence' is the period in-between. Overseas studies² have shown that an increase of post-secondary educational opportunities, the instability of the employment market, a lack of an efficient youth housing policy, and various other economic and cultural factors, all contribute to the significant increase in economic dependency of young people, and delay their age of independent living. This is manifest in the increasing number of young people continuing to live in the same place as their parents.

Based on overseas experience, the HKFYG conducted a similar study in 2006 to explore the situation of young people in Hong Kong. The study reviewed the extent to which young people were economically dependent on their family and their views about achieving economic independence. The results showed that young people in Hong Kong did not usually go through a linear transition from adolescence to adulthood, they tended to go back and forth between work and study in a pendulum pattern. For instance, one may quit his job and go back to studying before he / she seeks another job. This means that young people tended to move between the stage of economic dependence (during their studies) and independence (during work), resulting in a prolonged period of economic dependence as a whole.

The factors that are attributed to prolonged adolescence are complicated; it is usually associated with the increase in post-secondary educational opportunities, instability of the employment market and late marriage; but housing is a pivotal factor which decides whether or not a young person can lead an independent life

¹ Gill Jones. *The Youth Divide. Diverging Paths to Adulthood*. Joseph Rowntree Foundation, 2002.

² In Italy, a country-wide survey showed that, in 1990, 51.8% people in the 18-34 age group lived with their parents; in 2001, this number rose to 60.2%. Another survey conducted in Spain found that 25% in the 26-29 age group lived with their parents; in 1990, the number increased to 50% in 2000. The above two survey findings are quoted from the following references respectively: (1) Santoro, Monica (2006) "Living with Parent – A Research Study on Italian Young People and their Mothers" in Carmen Leccardi and Elisabetta Ruspini (ed.) *A New Youth? Young people, Generations and Family Life*, Aldershot; Ashgate. (2) Minguez, Almudena Morens (2003) "The Late Emancipation of Spanish Youth: Keys for Understanding" *Electronic Journal Sociology*, ISSN: 1198 3655

completely. Based on a study in 2006³, more than half (55.1%) of correspondents considered buying their own flats. Another study conducted in 2010⁴, showed that 56.7% considered applying for Public Rental Housing (PRH). By the end of September 2010, the number of non-elderly one-person applicants of PRH under the age of 30 reached 24,100, taking up 18% of total applicants; within this age group, nearly 9,000 people had an education level of college and above. This number is more than double the findings (4100 people) in 2007⁵. The monumental rise in the number of young individual applicants reflects an urgent housing demand from young people.

In recent years, the rapid rise of the real estate market has made it very difficult for the young generation to buy or rent a flat. According to the market statistics provided by the Rating and Valuation Department⁶, the selling price per square meter of an apartment below 40m² in the New Territories (usually called the first flat offer), had soared from 27,883 HKD in 2001, to 39,215 HKD in 2009, amounting to a 40% increase; while rental prices per square meter in the same category, rose from 120 HKD in 2001 to 137 HKD in 2009, with about a 15% increase.

However during the same period of time, the increment in young people's average salary did not show a similarity with the housing market trend. Government statistics have shown that the median income of the 18 to 39 age group was 10,000 HKD in both 2001 and 2009, with a zero percent increase⁷. Facing the soaring real estate market with a stagnating wage increase, young prospective home buyers felt helpless about the situation.

As income cannot cover the high housing price, many young people resorted to Public Rental housing (PRH) in order to attain an independent living status. Nonetheless, the current housing policy was not favourable to young applicants. Besides fulfilling the income and assets limit, a non-elderly one-person applicant also has to pass the quota and points system (QPS). Moreover, the government had ceased producing the Home Ownership Scheme (HOS) flats and all these caused

³ The related study was conducted in 2006. 535 young people aged between 18 and 34 were interviewed. "Youth Study Series 36 - A Study on Economic Dependence on Family among Young People in Hong Kong", HKFYG, February, 2006.

⁴ The related study was conducted in 2010. 504 young people aged between 15 and 34 were interviewed. "Youth Poll Series 194 - The 2010/11 Budget: Comments of Young People", HKFYG, February, 2006.

⁵ "9000 University Graduates apply for Public Rental Housing: Number double in 3.5 years" Economic Daily News, 5 November 2010.

⁶ Property Market Statistics by Rating and Valuation Department HKSAR: <http://www.rvd.gov.hk/tc/publications/pro-review.htm> Download date: 4 October 2010.

⁷ Statistics provided by Census and Statistics Department, HKSAR.

young people to be financially dependent on their family and hindered them from leading an independent life.

In October, the HKSAR policy address 2010/11 presented the “My Home Purchase Plan”, which aroused much public discussion. “Home” does not only refer to an individual asset or commodity, but a base that creates a sense of security and belonging to society. By owning a home, an individual contributes towards enhancing social stability and harmony; it is also a pivotal factor for young people to be economically independent and make their transit to adulthood by leading an independent life. Keeping in mind previous researches, this study aims to deepen the understanding of young people’s economic dependency in relation to the housing plan and problem, and how such problems in turn affect them from achieving total independence.

This study is conducted through a territory wide telephone survey, case study, focus group discussion and interviews with experts / academics. Other related statistics are also being used, analyzed and integrated with the findings, so as to obtain an overview of the current situation and to provide recommendations to concerned parties.

Assisted by the Public Opinion Programme of the University of Hong Kong, the telephone survey was conducted between the 17th of August and the 31st of August, 2010, from 6:00pm to 10:30pm. By random sampling, 520 eligible young people aged between 18 and 39 were successfully polled, yielding a response rate of 69.5%, with a standard error within $\pm 2.2\%$.

Case studies were conducted between August and October 2010. A total of 12 respondents were selected by referral from our service units. Each interview lasted about 60 minutes. All respondents were selected based on the following criteria: 1) They should be aged between 18 and 39; 2) They should be employed; and 3) They should want to lead an independent life.

Focus group discussions were held between September and October 2010. A total of four groups were formed. Three groups consisted of students and one group was composed of employed young people. Each discussion lasted about 90 minutes.

Interviews with experts / academics were conducted between August and

October, 2010. There were 5 interviewees in total, including a scholar, a non-executive director of the Urban Renewal Authority, representatives from the Federation of Public Housing Estates, the Lion Rock Institute and 蝸居部落. Respondents were asked to share their opinions and advice on how to tackle the housing problem faced by young people in Hong Kong.

The following chapter summarized the major findings and analyses of the Study, and related discussions and recommendations for reference.

Discussion

1. Hong Kong young people tend to be more and more economically dependent on their family, and experience a prolonged stage of “Adolescence”.

According to the preliminary findings of a study conducted in 2006 on the economic dependence of the young people of Hong Kong, it was found that they did not demonstrate a linear transition from adolescence to adulthood; they tended to go back and forth between work and study in a pendulum pattern and thus move between the stage of economic dependence and independence, resulting in lengthening the period of economic dependence on the family as a whole.

In the above study, findings showed that the median age of school graduates entering the labour market in 1997 was 19 years, while it was 21 years in 2004. According to the latest government statistics, the median age in 2006 was 22 years, one year older than that of 2004. On an education level, the percentage of post-secondary school graduates entering the labour market was the highest in the most recent period of year 2001-2006.

A robust development of the post-secondary education sector had also been noted since the announcement of the policy target in 2000. The post-secondary education participation rate had increased from about 33% in the 2000-2001 academic year to an estimated 64% in the 2006-2007 academic year⁸. These numbers proved an increase in the need for higher-education, thus indicating a lengthened time spent in school, and implied a delay in young people's entrance to

⁸ Sub-degree education: LC Paper No. CB (2)1566/07-08(01), Panel on Education (for the meeting on 14 April, 2008), Legislative Council, HKSAR.

the workforce.

Moreover, the median age of the first marriage for both sexes shows a tendency of going up⁹. For women, the median age of the first marriage went from 27.5 years in 2001 to 28.5 years in 2009; and that for men rose from 30.2 years in 2001 to 31.0 years in 2009. The above statistics showed an obvious inclination for late marriage and thereby late family commitments for both men and women.

In addition, according to government statistics¹⁰, more and more young people aged between 18 and 39 are now living with their parents. The percentage of this particular age group rose from 47.3% in 2001 to 52.5% in 2009; the result may suggest that a growing number of young people do not lead an independent life of their own.

In this current territory-wide young people survey, among 520 correspondents aged between 18 and 39, 62.6% are living with their parents. Of them, 22.4% are in age group 30 to 39, and are still living with their parents without buying or renting their own flats. Correspondents who did not intend to live separately named a lack of financial power as the main reason, showing economic power to be an important factor that contributed towards independent living.

To summarize the above findings, an increasing opportunity to pursue higher education has delayed young people's entrance in to the workforce and marriage. Coupled with the fact that more and more young people continue living with parents, this has led to a stage of prolonged "adolescence" and a delayed transition from economic dependence to economic independence.

2. Housing is essential towards the attainment of economic independence. The study showed that the longer a young person lived dependently, the more he / she would be economically dependent on his / her family. As they age, young people desire a higher degree of autonomy and the demand for their own home increases; however many are barred from independent living due to limited economic power.

⁹ Women and Men in Hong Kong - Key Statistics 2010 Edition; Census and Statistics Department HKSAR

¹⁰ Statistics provided by the Census and Statistics Department HKSAR

Whether a young person can achieve independent living largely depends on whether one can live in his / her own flat. To a freshman in the workforce, the escalating prices in the housing market are undoubtedly intimidating to anyone who wants to purchase or rent a flat. If people cannot afford their own flat, they would stay at home and economically rely on their family.

In this survey, 57.3% of 520 correspondents believed that the longer young people took to find their own living place, the more they would rely on their family economically. Over half of the correspondents from the age group 18-29 and age group 30-39 (59.6% and 54.4% respectively) agreed with the above statement. The findings suggested that housing is an essential part in the attainment of economic independence.

Among the 294 correspondents who currently lived with their parents and who did not own or rent any flat under their name, half (50.3%, total 148 people) indicated a preference to move out and live independently. Out of these 148 people, 57.7% were aged between 30 and 39, while 47.2% were in the age group 18-29. The 10% difference showed that the higher the age, the more the desire for an independent life there was.

As to the reasons why these 148 young people wanted to live separately from their family, most people named the followings: "want to lead an independent life" (31.1%), want more privacy (29.1%) and "going to / preparing to get married" (27.7%).

On the other hand, however, about half of all correspondents (49.3%, total 145 people) did not intend to move away from their family, the main reasons being "lack of economic power" (53.8%). A worrying percentage of 36.5% within the age group 30 to 39 indicated the same reason for not living separately, showing that many were still economically dependent even when coming towards their middle years.

From both case studies and focus group discussions, there were young people who had already moved out from home and were living independently; the reasons for doing so can be summarized as follows: 1) Going to get married; 2) The original home was too small and crowded; 3) Living separately facilitated work or continuous study; and 4) Need more privacy. Their rationales provided clues to young people's expectations and demands on housing.

Experts and academics shared the same view that young people needed more privacy and autonomy as they grew older, inducing a pressing need for housing. And yet, despite a strong desire to live independently, low economic power and a relatively slow pace of salary increment made it difficult for young people to move out of home, resulting in a prolonged period of economic dependence on the family.

To sum up, combating the housing problem is of paramount importance for young people to become economically independent. In the past, marriage was the prime factor that made children move away from their parents and live independently. As society evolves and develops over the years, so do young people's values, life styles, and living habits. Nowadays, various reasons account for living alone: study, work or privacy to name a few. However as mentioned, limited economic power causes a continuation of financial dependence on the parents and impedes young people from living independently.

3. It was found that young people with different income backgrounds all encountered housing problems in one way or another. Three typical cases are identified as follows:
(1) Young people with a wage that just exceeds the income limit for a one-person applicant to Public Rental Housing (PRH). (2) Young people with a wage not exceeding the Income and Asset Limits for White Form Applicants of the Home Ownership Scheme (HOS). (3) Young people with a wage that exceeds the Income and Asset Limits for White Form Applicants of the HOS flat.

Putting related government statistics and case studies together, we will elaborate and analyze the three cases of income backgrounds in detail below.

(1) Young people with a wage that just exceeds the one-person applicant income limit of Public Rental Housing, thus cannot benefit from this subsidized housing scheme.

One respondent from the case study said that upon graduation from Form 5 she found a job which paid her HKD 6,000 a month. The respondent wanted to move out of home because of an unpleasant relationship with her family. But to rent a

suite of rooms, she had to first pay two months deposit and one month rental, which amounted to over HKD10,000. After that, the monthly rental together with other household expenses such as water and electricity, added up to around HKD 4,000 per month. To someone with a salary of HKD 6,000, this monthly spending was unaffordable. Consequently, the respondent applied for PRH as it was the only choice for her to be independent.

In Hong Kong, however, the number of PRH applicants is huge. According to statistics provided by the government, by the end of December 2009, the number of one-person applicants aged 18-30 on the Waiting List (WL) reached 21,300; though in 2008/2009, only 350 applicants in the same age group were successfully allocated with a housing unit¹¹. During the waiting period for PRH allocation, the respondent's salary increased as her work experience accumulated, and gradually it reached HKD 8,000 a month, which just exceeded the current income limit of HKD 7,440. The respondent was no longer eligible to apply for PRH.

Nowadays, apart from fulfilling the income and assets limit, being HKD 7,440 and HKD187,000 respectively, a non-elderly one-person applicant also has to pass the quota and points system (QPS), which is a points system that accords priority to applicants of a higher age. (Zero points will be given to applicants aged 18; Three points will be given to those aged 19; six points for those aged 20 and so forth; there is a 3 points increase for every year older a person gets, but the total points given will be levelled for those aged 59 or above and equivalent to 123 points.) The more the points one has, the earlier one would be allocated with a housing unit.

As to the annual allocation quota for a non-elderly one-person applicant, it is set at around 1000 to 2000 flats, or at 10% of the total number of PRH units available to waiting list applicants in that year¹².

The respondent in the above case believed that housing was a basic need, and an essential part of an independent life. Facing the soaring real estate market, PRH becomes the only choice for young people on a low income if they wanted to attain independent living. The respondent urged the government to review the current PRH application restriction and to lift the income and assets limit, so as to open up more opportunities for young people to achieve independent living through PRH.

¹¹ LCQ16: Measures to assist low-income persons to meet housing needs <http://www.info.gov.hk/gia/general/201001/27/P201001270126.htm> Published date: 27 January 2010

¹² Details in HKSAR Press Released dated 29 September 2005 : "Quota and Points System for Waiting List (WL) non-elderly one-person applicants"

(2) Young people who fulfil the Income and Asset Limits for White Form Applicants of the Home Owner Scheme (HOS). This group barely benefits from the government policy because the government has indefinitely ceased production of HOS flats. With a huge demand but very limited supply of surplus HOS flats, the possibility of getting an HOS flat is very low.

Facing the soaring property market, buying or renting their own flat is not easy for the Sandwich class young people and what makes matters worse is the stagnant wage increase. Under such circumstances, living independently becomes an unforeseeable dream.

Here is another case study: the respondent has been working for ten years, his salary increased from a few thousands to the current level of HKD12,000 during these years. Realising that the current living place was small, with little privacy, and that he was planning to get married, the respondent wanted to move out and live in his own flat. While PRH was not a choice as his income exceeded the restriction limit for a one-person applicant, going to the private market was not feasible either because of the high prices and his limited economic power. Subsequently, he resorted to the HOS hoping to start living independently, even though such a hope was largely diminished due to the government's decision to cease production of HOS¹³ flats.

The respondent was completely eligible to apply for the HOS as his salary (HKD12,000) falls within the limit of HKD13,500; the only thing was to wish himself luck to be allocated a flat successfully so he could start living independently. Yet unfortunately, due to the huge number of applications, no unit was allocated to the respondent and he did not succeed in buying his first flat through the HOS. As a matter of fact, the government has offered to sell 3,219 units of surplus HOS flats this year, out of a total 39,000 applications received, 31,980 were white form applications, nearly nine times the total number of flats offered¹⁴, showing a pressing demand for

¹³ Home Ownership Scheme (HOS) is a subsidized housing programme introduced by the government in 1978. It is designed to assist residents with limited income to buy their own home. HOS flats are subsidized public housing and the buying, selling and mortgage of these flats are subject to certain restrictions. However, the government decided to cease production and sale of HOS flats in 2002. From 2007 onwards, the Housing Authority decided to offer the unsold and returned HOS flats (collectively known as surplus HOS flats).

¹⁴ According to publicly accessible information provided by the Housing Authority, 1,392 Phase 5 surplus HOS flats were offered in 2009, out of a total 26,000 applications, about 21,000 were white form applications; while in 2010, 3219 Phase 6 surplus HOS flats were offered, a total of 39,000 applications were received, 31,980 were white form application.

HOS flats.

Being unsuccessful in his attempt to buy an HOS flat, the respondent said he would continue living with his family. He commented that despite the limited space, by sharing household utilities with his family he could save a great deal of living expenses for himself. In case he got married, the respondent would rent a place from the private market because he wanted privacy after he got married and also because his current home was too small to hold anymore people. Considering his limited income and slow increment, the respondent mentioned that he would not purchase a flat, even though his family was willing to assist him financially. He thought that individual economic power had to be taken into account when making such a decision.

The respondent suggested that, in order to help the sandwich class, who could not afford to buy private property, the government should re-start the production of HOS flats.

(3) Young people, who are not eligible for White Form applications of the HOS, can only opt for private housing. But as the rise of property prices far outpaces salary increment, many find that their hard-earned savings cannot even cover a down payment of a flat.

In the past, high education promised to be a good prospect. University graduates used to get good promotion opportunities and wage jumps as long as they worked hard. Most people in those days were able to accumulate enough wealth that could help them lead a comfortable life. Yet nowadays, the structural change in the economy has made the labour market highly competitive, reducing promotion opportunities largely and limiting wage increases. It is not rare to see University graduates working for years and still being unable to attain financial independence. Such a phenomenon is especially common with regards to home ownership. We will look at some of the experiences shared by the respondents from the case studies.

One respondent got a salary of HKD 8,000 in his first job upon graduation. He recalled his monthly spending as follows: necessary living expenses, student loan repayment, monthly insurance premium, entertainment and consumer goods. He stated that after all these expenses he barely had any savings, needless to say

money to buy a flat. Now the respondent has worked for a few years, his salary has increased to HKD15,000, but living in an expensive city like Hong Kong, only a few thousands go in to his savings every month.

The respondent intended to purchase a flat for himself; however as his salary exceeded the income limit of HOS, he had to sort out something from the private housing market. To this respondent, the biggest obstacle was not the monthly mortgage repayment as the amount was predictable and could be carefully managed with ease; it was the big amount of down payment that hindered him from being able to proceed.

The respondent regarded the sandwich class as people who could afford residential mortgage repayment but not the down payment. He was critical of the current limit (HKD13,500) for the HOS and thought it was outdated; he believed by raising the ceiling, the government could open up a platform between PRH and private property for the sandwich class to purchase their own flats.

The above findings showed that some young people were bound to live with their parents and be economically dependent on their family as a result of the housing problem. Experts and academics also take on a pessimistic view about young people buying their own flat. As the current income level in general cannot catch up with the soaring property prices, compared to the previous generation, young people nowadays are facing more obstacles in purchasing a flat; consequently more and more young people would opt for Public Rental Housing instead.

4. In the transition to total independence, young people in Hong Kong tend to experience a prolonged period of economic dependence on their family and these two situations have been identified: (1) Respondent is employed full-time and still living with his / her parents. By doing so, family resources are shared more effectively, and family members can get mutual care from each other. (2) Respondent has moved out of home but still receives economic support from the parents in various ways. For instance, parents help their children with the down payment to purchase a flat or parents take care of their children's daily needs, but do not require their financial contribution.

We will elaborate the two situations below:

- (1) Respondent is employed full-time and still living with his / her parents. By doing so, family resources are shared more effectively, and family members can get mutual care from each other.**

According to the survey, among the 294 correspondents who lived with their parents and who had no purchased or rental property under their name, 66.0% were employed. From the case studies, one respondent claimed that she enjoyed living with her family, because she could take care of her family members and in return receive care from them. Besides, she did not need to worry about trivial household matters and could avoid extra spending by using family utilities; this would enhance her ability to save money.

In another case study, the respondent stated that he could neither afford to purchase nor to rent a flat on his own, and therefore was still living with his parents. But he regarded it as an effective way to save money for himself as there would be no extra living expenses. Even though the respondent considered himself to be economically independent, he still chose to live with his family because of the high cost of living alone.

- (2) Respondent has moved out of home but still receives economical support from parents in various ways. For instance, parents help their children with the down payment to purchase a flat or parents take care of their children's daily needs, but do not require their financial contribution.**

Based on the findings, among the 140 correspondents who have either a purchased or rented property under their own name, 32.9% received various degrees of financial assistance from their parents, including borrowing money to settle the down payment, receiving furniture from their parents or terminating any financial contribution to the family from their child etc.

One respondent from the case study said that he could not have purchased his own flat without borrowing the down payment from his parents. However, even after he moved out of home he continued receive economic support from his family.

Firstly, he no longer needed to contribute to his parent's household expenses; secondly, his parents would cook for him so he could save money on meals; thirdly, sometimes his parents even settled the mortgage repayment for him. Clearly this respondent was still economically dependent even after he lived separately from home.

5. The survey found out that around 40% of the correspondents intended to purchase their own flats. The majority regarded 'the ability to afford down payment' and 'work stability' as the deciding factors when purchasing one's own flat.

In the territory-wide young people survey, out of 520 correspondents, 40.0% intended to purchase their own flats; of which 46.6% came from the age group 18 to 29 whereas 33.6% came from the age group 30 to 39. The findings reflected that younger people tended to have a stronger desire to purchase their own flat.

Most people regarded 'the ability to afford down payment' (32.8%) and 'work stability' (31.7%) as the deciding factors when purchasing one's own flat.

Among the 208 correspondents who intended to purchase their flats, 45.9% believed that it would take about 6 to 10 years of work before they could do so. In reality, half (50%) of 74 correspondents who were flat owners reported that they worked 6 to 10 years prior to the actual purchase of their flats.

Findings also showed that while only 29.7% of the 208 correspondents who intended to purchase flats believed that they needed parental financial subsidy, in practice, 45.0% of the 74 home owners were financially subsidized by their parents when they did the purchase. It can be seen that many young people, whether they believe or not, would not be able to purchase their own flat without their parents' economic support.

Whereas parental support has been proved essential in the real case, out of all 520 correspondents, almost half (47.2%) believed that their parents were financially incapable of easing their housing problem. Among the people who held such an opinion, 57.1% came from the age group 30 to 39; almost 20% higher than the 18 to 29 (37.2%) age group.

To young people aged between 30 and 39, if they themselves lacked economic power and if their parents could not offer much assistance, independent living was a rather challenging issue.

Housing is an essential part of one's economic independence. To many young people, purchasing their own flat is one of their life goals. However, the realization of this goal seems unforeseeable in view of the rapid rising property prices and the stagnant wage increase. A home for an individual constitutes the base for any stable society; it serves as a driving force for young people to socially move upward as well. After all, whether or not to purchase a flat is a personal choice, depending on one's need and ability; yet from the pressing housing demand from young people it is evident that the concerned authorities have no excuse to overlook the problem. To combat the problem and to forge hope for young people's housing plans in the long run, a housing policy guided by fairness and transparency should be formulated.

6. Regarding the 'My Home Purchase Plan' presented by the government in the latest policy address, young respondents and experts / academics commented that it was a good attempt as it provided an alternative platform for prospective home buyers. Yet the plan was also being criticized for a number of limitations, and was doubted for its effectiveness to tackle the pressing need for housing among young people.

In the policy address 2010/11, the Chief Executive announced that the government did not intend to re-start the production of the HOS flat, instead the government, in collaboration with the Hong Kong Housing Society (HKHS), would introduce a scheme of subsidized housing known as the My Home Purchase Plan (The Plan). The Plan aims to provide the sandwich class with flexibility in their home purchase plan and the government would provide land to build flats with "no-frills" – namely, small and medium flats and lease it to eligible applicants at the prevailing market rent. Within a specified time frame, tenants of the Plan may purchase the flat they rent or another flat under the Plan at the prevailing market price, or a flat in the private market. They would receive a subsidy equivalent to half of the net rental they have paid during the tenancy period, and use it for part of the down payment. However, only 5,000 flats will be built under the Plan and the first 1,000 flats would be

available by 2014¹⁵.

From the case study, one respondent thought the Plan gave prospective home buyers more flexibility, as users could first rent the flat, and have enough time to consider purchasing one later on. The Plan was also considered attractive as tenants could receive half of the net rental paid. One expert from the interview also took the idea positively; he regarded the scheme as a kind of free housing option given to citizens and it could be seen as a kind of housing welfare system or an alternative platform for citizens to choose their home buying plan according to their needs.

While some feedback is positive, others are negative. Many of the respondents and experts / academics pointed out inadequacies in the Plan and doubted its effectiveness in tackling the current housing problem. Their critiques can be summarized as follows: (1) Only 5,000 flats will be built under the Plan - facing the overwhelming housing demand, the Plan will barely have any effect on the situation. (2) The first 1,000 flats will only be available by 2014, a large number of people with an urgent need for housing will not benefit from a plan made for the future. (3) There are many hidden and unanswered questions about the Plan, for instance, are targeted tenants able to afford a down payment after years of paying rent? If property prices are variable and if the price keeps on rising, would there be a chance that even a 50% rental refund plus a personal saving would not be able to cover the down payment of the future selling price? On the other hand if the price falls, the risk will fall on the home buyer, so is it rational to take the risk? All these uncertainties will be bothering participants of the Plan. (4) Under the Plan, the rent will not be adjusted within 5 years and there will be a 50% rental refund; this may attract many people who originally did not intend to be a home buyer and will push up the application rate and lower the success rate of other real prospective home buyers.

While the effectiveness and feasibility of My Home Purchase Plan is yet to be attested, we think that it is a good attempt amid public outcry to combat the housing problem. However, being the only proposal in response to the severe housing problem, the Plan does not provide a full answer to respond to public discontent. Besides, the Plan seemed to be pushed forward in a rush without extensive public consultation. The concerned authorities should carefully review the Plan, clear up underlying uncertainties and put forward an improved version that meets public

¹⁵ Paragraph 25-26, "Sharing Prosperity for a Caring Society" HKSAR Policy Address 2010/11, 13 October 2010.

expectations.

Recommendations

The findings of survey and interviews conducted in this study concluded that, young people in Hong Kong tended to rely economically on the family and as the problem becomes more apparent, it should be addressed seriously. Based on the findings and discussions, we have the following recommendations:

1. Review and re-estimate the housing demand and accordingly map out a long-term housing plan at a territory-wide level.

Young people in Hong Kong are experiencing an extended 'adolescence' stage, reflected by a lengthening of economic dependence on the family. Housing problems in particular remain the major obstacle preventing young people from leading an independent life.

In response to a prolonged "adolescence", the educational, labour and welfare policies should be reviewed and adjusted accordingly. In particular, to the severe housing problem faced by young people, we strongly recommend the concerned authorities to systematically overview the population increase and demographic change, in order to respond to the need by the appropriate allocation of land sites for residential use. The government, instead of other social groups or private enterprises, should play a predominant role in the housing provision to citizens.

The demand and supply of the housing market determines property prices, which in turns impacts on the fiscal planning of the new generation. While we all agree that buying flat is a personal choice based on individual needs and abilities, we believe that young people should be able to do so if they want to; and this can be realized not only by personal ambition and hard work, but also by a housing system principled on fairness and transparency. Therefore we urge the concerned authorities to seriously look into the housing demand from young people, and address their needs by mapping out a long-term housing plan at a territory-wide level.

2. Relax the restriction for non-elderly one-person applicants of PRH; help young people to live independently.

The housing problem in Hong Kong is alarmingly worrying. Property prices hit record highs in recent years, and when the government ceased producing the HOS flats, it left the Public Rental Housing (PRH) as the only feasible choice for young people to live independently. But according to the current policy, apart from fulfilling the income and assets limit, being HKD7,440 and HKD187,000 respectively, a non-elderly one-person PRH applicant also has to pass the quota and points system (QPS), which accords priority to applicants of a higher age.

Many of the respondents in this study regard the current income limit for PRH applications as outdated and suggest relaxing the restrictions for non-elderly one-person applicants. Experts / academics also criticized the quota and points system as being unfair to young PRH applicants as it only forms layers of barricades in their way of independent living.

To low income young people, independent living is definitely more difficult than others and their sense of belonging to society will be affected if the housing problem remains unsolved. In order to help this particular group and to facilitate social development in the long run, we suggest that the concerned authorities adjust the income limit and PRH quota offer. It would be even better to review all the details of the current policy for the non-elderly one-person applicants from a holistic perspective.

3. Re-start the production of the HOS flat, in addition to the My Home Purchase Plan, to provide an alternative platform and better opportunities for young people to buy their own flat.

The Home Owner Scheme (HOS) is a subsidized housing programme put forward by the government in 1978. It aimed to offer an alternative channel for prospective home buyers to buy flats outside the private market. The scheme was however halted in 2002.

The results from the polls and interviews showed that most respondents thought

that the government should re-activate the HOS scheme in order to provide more opportunities for the sandwich class to buy their own flats. However, in the latest policy address 2010/11, the government restated the indefinite cessation of the HOS scheme, once again disappointing young people who were financially incapable of purchasing a flat from the private market.

The soaring property and rental prices make independent life particularly difficult for young people. Therefore aside from the My Home Purchase Plan, we recommend reviving the production of the HOS flats. In fact, as pointed out by experts / academics, the HOS has been implemented for more than 30 years, and was proved not only effective in providing homes for the middle-lower class, but also in enhancing social stability. We believe that re-activating the HOS would strengthen social stability by enhancing young people's sense of belonging to Hong Kong, and more importantly ease social discontent and reduce social conflicts in the long run.

4. Borrow the Shanghai model and lease flats to young people who are in need of a living place but unable to afford to purchase a flat of their own.

To young people who are in need of a living place but unable to afford to purchase flat, the government could help by building young people's homes, as suggested by an expert in the interview. A respondent also pointed out that buying property was not the only solution; instead the government could lessen the problem by leasing out cheap accommodation to young people for a certain period of time; the idea being to help young people save enough money while leading an independent life, so that they could afford to go back to the private market when the contract finishes.

In recent years, the real estate market in Shanghai is also experiencing a rapid soar due to fast economic development. Young people face severe problems in finding affordable accommodation. In order to attract young professionals and expertise, the Shanghai government has put up new apartments in the PuDong New area, and this provides short-term leased accommodation to experts and professional employed in the Shanghai Zhangjiang Hi-Tech Park.

The Shanghai model provides a good reference on how to help young people in

their transition to total independence. We urge the concerned authorities to carefully study the Shanghai experience and see if we can implement a similar approach in Hong Kong.

5. Family stress, especially in low-income families, is expected to increase due to the prolonged economic dependence of young people. Therefore it is essential to strengthen the family network and emotional support at a community level.

The “adolescence” period gets longer when young people continue to rely economically on their family. While resourceful families can offer enough choices, as seen in some cases where parents help young people with a down payment of a new flat or the buying of furniture etc, families with limited resources would only see stress accumulated if young people remained financially dependent for a long time. For instance, in some cases, respondents complained that their parents were being economically unhelpful; others were not satisfied with the crowded living conditions and easily got into conflicts with family members. Such tensions must be handled with care or it can get worse, laying potential time bombs inside the family. In view of this, we call for a strengthening service and support related to the family’s emotional health, aiming to enhance mutual support and understanding among family members.

6. Hasten the development of the six priority industries, widen the employment structure and create more job opportunities for young people.

Having a stable job is a vital factor in the smooth transition from economic dependence to economic independence. However, work instability, slow salary increment and high unemployment rate in the age group 15 to 29, constitute unfavourable factors to independent living in young people.

In the policy address 2009/10, the Chief Executive announced the development of six industries, including testing and certification, medical services, innovation and technology, cultural and creative industries, environmental industries and education services. The proposal was aimed at creating more quality jobs, diversifying the

economic base and to be of benefit to citizens of various classes.

We think that the six priority industries will help create a new driving force for the economy of Hong Kong. Therefore we urge the government to hasten the pace of implementation, so that a wider employment structure and more job opportunities are created. We believe that through this young people's ability to be economically independent will be enhanced.