

# **Subdivided Housing Issues of Hong Kong: Causes and Solutions**

*An Interactive Qualifying Project*

**Sponsoring Agency:** Hong Kong Institute of Education

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## **Abstract**

Subdivided housing poses a multitude of health and safety risks to thousands of citizens who have no choice but to endure such conditions because of their economic limitations. Our recommendations, which include allocating more land for residential construction, an overall increase in construction plans for public housing, reform of public housing policies, and a crackdown on landlords, are meant to aid Hong Kong's policymakers in amending the subdivided housing issue that currently plagues Hong Kong. Our recommendations were based on extensive archival research and first-hand interviews with Hong Kong's citizens that provided an accurate account of such areas affecting the subdivided housing issue as the shortage of public housing units, the lack of residential construction land supply, and astronomically high housing prices.

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## Executive Summary

Modern Hong Kong, known for its prolific status as a center of Asian trade, has become one of the most densely populated cities in the world. Lacking a sufficient space for development, the city has resorted to large-scale construction of high-rise apartments and business centers. Population increase and development in Hong Kong has led to widespread overcrowding in residential areas (Grange, 2004; Hui, 2011; Yeh, 2011). As a result, the price of housing in Hong Kong is astronomically high, leading to severe inadequacies in low-income residences (“Residential Prices Surging,” 2013).

Subdividing a flat refers to the act of dividing a traditional single-family apartment into two or more individual dwellings to accommodate additional families (Buildings Department, 2013). Demand for these tiny subdivided flats has continued to grow throughout recent years due to the inability of low-income families to afford standard housing, an insufficient supply of public housing units, and a lack of residential construction (Hong Kong Housing Authority, 2012; Information Services Department, 2012; “Mid-Levels They Ain’t”, 2011). Although the government is increasing the number of public units, the amount provided by Hong Kong’s Housing Authority will not be enough to accommodate Hong Kong’s lower class (Chiu, 2012). In response to the ongoing shortage of affordable living spaces, low-income families have been forced to take up residence in a variety of different forms of subdivided housing units (Buildings Department, 2013; Census and Statistics Department, 2013; Chiu, 2012; Hong Kong Housing Authority, 2012; Hui, 2011; Lee, 2012; “Mid-Levels They Ain’t”, 2011; “Residential Prices Surging,” 2013). These dwellings are often extremely cramped, unventilated, unsanitary, and generally hazardous to residents (Buildings Department, 2013).



The goal of this project is to develop a set of recommendations to aid reforming the subdivided housing issue. In order to attain the necessary knowledge to produce well-rounded suggestions, we developed three research objectives and utilized various methodologies to address them:

**Research Objective 1: Trace and explain the development of subdivided units in Hong Kong**

**with reference to its socio-economic context:** We conducted in-depth archival research in order to uncover the main factors that have given rise to widespread subdivisions that we see today.

**Research Objective 2: Analyze the position of Hong Kong's government on subdivided**

**housing:** Using extensive archival research, we were able to gain an understanding of the government's current position on the issue of subdivided housing.

**Research Objective 3: Survey and analyze the public's perception of the city's housing**

**situation:** We attempted to survey a large sample of lower class citizens being directly affected by apartment subdividing in order to understand their views of subdivided housing. Due to a lack participation determined as the result of a cultural reluctance to offer opinions, our team analyzed data from a reputable, prior study. In order to gain additional, more qualitative insight into the public's perspective, we conducted additional one-on-one interviews with citizens from various economic backgrounds and the Platform Concerning Subdivided Housing and Issues in Hong Kong, a concerned non-government organization.

Based on the data and analyses our projected yielded, we have concluded that the subdivided housing problem is the result of a failing housing system plagued by a major imbalance between the supply and demand for housing (Buildings Department, 2013; Census

and Statistics Department, 2013; Chiu, 2012; Hong Kong Housing Authority, 2012; Hui, 2011; Lee, 2012; “Mid-Levels They Ain’t”, 2011; “Residential Prices Surging,” 2013). The government, although it has acknowledged the issue of subdivided housing, has lacked in its previous efforts to combat the problem, which have come mostly as reactions to widely publicized accidents and horrible conditions in subdivided units (Chan, 2012a; Ho & Lee, 2013; Leung, 2013; “New Hong Kong Chief,” 2012). The public on the other hand, regardless of individual economic standing, demands that the subdivided housing issue be resolved as quickly as possible, stressing the importance of increased government attention and action (Subdivided Flat Study Summary, 2012).

Considering our data and analyses, our team has formulated a set of recommendations to aid in resolving the subdivided housing issue. First we recommend that the government release more land to be developed for residential purposes to combat the supply and demand imbalance we recognized. By increasing land availability, more housing units can be constructed to alleviate the need for subdividing units.

Second, we suggest an overall increase in construction of public rental housing units, and the expediting of all current construction plans. By increasing and fast-tracking construction of new public housing units, more residents of subdivided housing can be granted access to better living conditions with affordable rent.

Third, we recommend that Hong Kong’s government reform their public housing policies. Current public housing policies force some locals to forgo raises in order to maintain eligibility for public housing; an inequity that must be resolved through case-by-case evaluations. Moreover, we suggest the government offer rent subsidies to families who have

been waiting for public housing at least three years, the expected waiting period for applicants specified by the government.

Finally, our team recommends that the Hong Kong government cracks down on landlord injustices against tenants of subdivided housing. We feel that on a short-term timetable, demanding landlords repair buildings with inadequate conditions and enforcing the use of written contracts between themselves and their tenants can at least make existing structures more livable.

The subdivided housing issue in Hong Kong should be a priority for reform. Without reform and legislation, current trends in public housing supply and residential land allocation suggest that the problem will only persist. Our recommendations will assist Hong Kong's policymakers to begin this important reformation process and help address its housing issues as a whole.

## 1.0 Introduction

The city of Hong Kong is recognized today for its key position as an economic hub for trade in Asia as well as being one of the most densely urbanized cities in the world. Although urbanization has been occurring globally, Hong Kong faces an additional challenge brought on by its geography. With minimal land to build upon, Hong Kong, to a greater degree than most cities, grew upwards rather than outwards. Today, Hong Kong's skyline is filled with a variety of towering high-rise buildings (Carroll, 2007). Yet, the city's expansion has come with a price: overcrowding. Hong Kong has been struck with an extensive apartment subdivision problem (Hui, 2011). The practice of subdividing apartments has extensive consequences that some citizens must live with on a day-to-day basis, ranging from poor ventilation to overloading of structures (Buildings Department, 2013). If these problems are to be resolved, swift and immediate action is mandatory.

The Hong Kong Institute of Education (HKIEd) has revealed to us a core problem: many citizens of Hong Kong are subdividing their flats; an issue that will only get worse with time if no action is taken. There are currently an estimated 280,000 subdivided units across the entire city (Subdivided Flat Study Summary, 2012). For example, recently an old industrial building in Tai Kok Tsui was found containing 39 subdivided flats on a single floor, where 40 residents share two bathrooms (Yeung, 2011). Furthermore, some of these subdivided units called "cage homes," confine residents to chicken wire cages, sometimes comprised of less than 1.5 square meters of living space (Hong Kong's Poor, 2013). Conditions in many of these buildings are deplorable, sometimes consisting of crumbling concrete, dangerous electrical wiring, and overall filth.

Subdividing units in Hong Kong leads to many serious consequences that compromise the health and safety of residents. Violated building codes, structural alterations, and extra weight threaten buildings with the risk of collapsing. Subdividing also creates fire hazards as exit routes are left obstructed and precautionary measures are destroyed in the alteration process. Moreover, improper air circulation and incompetent drainage systems jeopardize the health of all residents because of the potential for spread of disease and exposure to pathogens and toxic fumes (Buildings Department, 2013).

Although there has been some research done on the subdivided units that are plaguing Hong Kong's lower class, more investigation is still needed (Chiu, 2012). The underlying causes for the existence of subdivided housing must be better understood to support changes that can improve the quality of life in subdivided units.

This project looks to create a set of recommendations to facilitate the reform process of the subdivided housing issue. To achieve this goal, we developed three research objectives. Our research objectives included first investigating the causes and stimuli for the continued sub-letting of flats. Second, we looked at the Hong Kong Government's official position regarding sub-divisions and how that may drive or hinder potential reform. Finally, we documented the public's perception of the current housing situation, looking at the opinions of the upper and middle classes, the lower class, and also the Platform Concerning Subdivided Housing and Issues in Hong Kong, a non-government organization. After addressing our research objectives, we made long-term and short-term recommendations based upon historical background, our collected data and analyses, and Hong Kong's social context to facilitate positive change. We hope these recommendations encourage policymakers to consider appropriate reforms to help

decrease the scale of the consequences of sub-dividing and improve the quality of life of residents.

## **2.0 Background**

The low-income urban areas of Hong Kong, specifically the Kowloon Peninsula, are currently facing severe overcrowding and a problematic housing market. However, the problem of sustainable housing has been in existence since the early 1950's. In this chapter, we will examine how Hong Kong's housing issues came about, including a history of urban development and housing policy. Additionally, our team will provide an outline of the city's public housing system. Moreover, we will identify the various stakeholders in the city's housing market and their respective roles. Finally, we will examine the process of subdividing units, its various forms, and its numerous negative consequences.

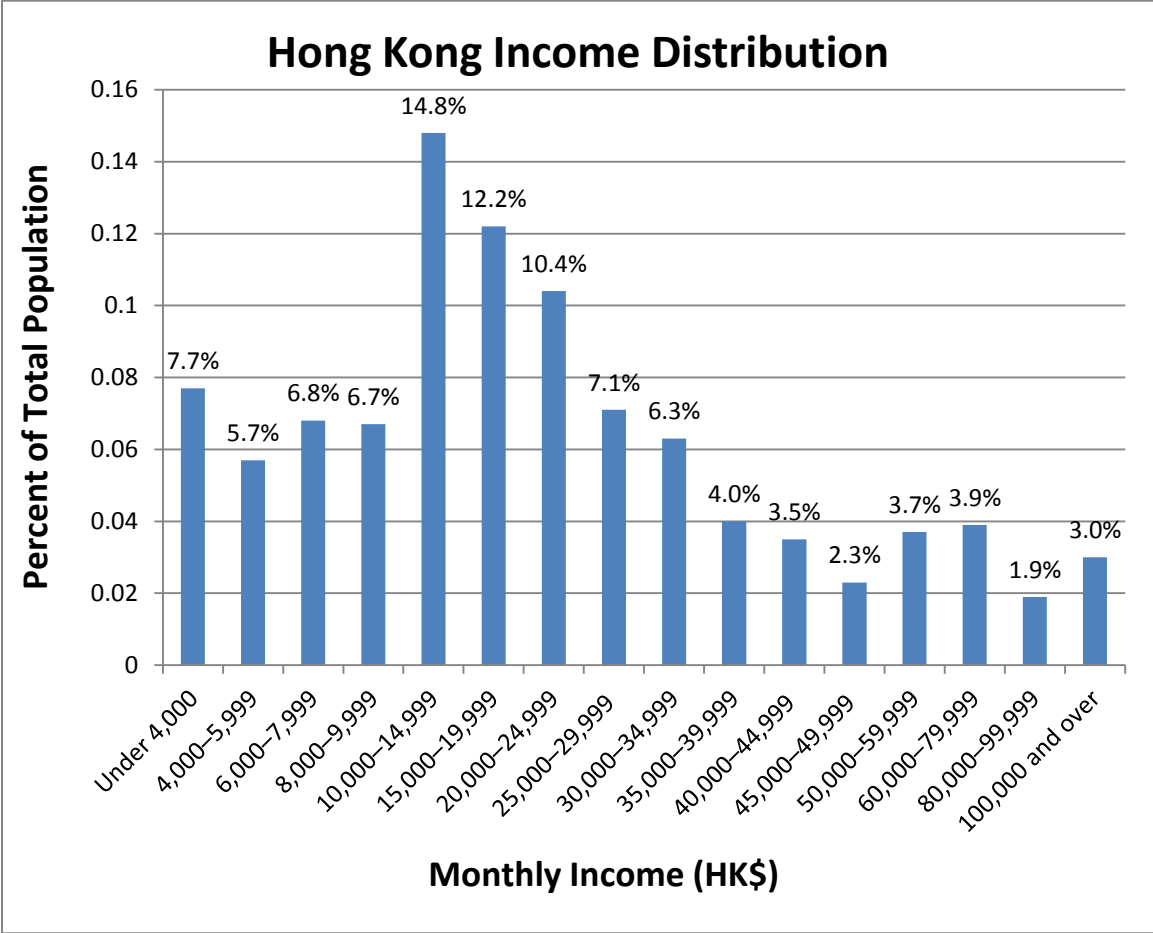
### **2.1 The Development of Hong Kong the City**

The vast majority of Hong Kong's population currently resides in the heavily occupied northern shore of Hong Kong Island, including the Kowloon Peninsula and ten new towns. About 60% of the population is concentrated in a mere 80 square kilometers of land area, making Hong Kong one of the most densely populated cities in the world (Grange, 2004). Hong Kong's residential climate comprises mainly of high-rise apartment complexes, usually containing several buildings over forty floors high. The high congestion and population density found in Hong Kong have arisen due to large-scale population growth and rapid urbanization (Grange, 2004).

#### **2.1.1 Brief History of Urban Development Leading to Subdivisions**

Due to political turmoil in mainland China, the 1950's brought with it a large influx of Chinese immigrants to Hong Kong, inevitably leading to widespread squatting and

homelessness (Public Housing Development, 2012). Due to the lack of education and skill level among many of these immigrants, the number of low-income households in Hong Kong rose considerably. This stimulated a steady increase in income disparity that has continued into the present day (Half-Yearly Economic Report, 2012). Figure 1 depicts a graph of Hong Kong’s income distribution created using population data provided by the Information Services Department of the HKSAR (2012).



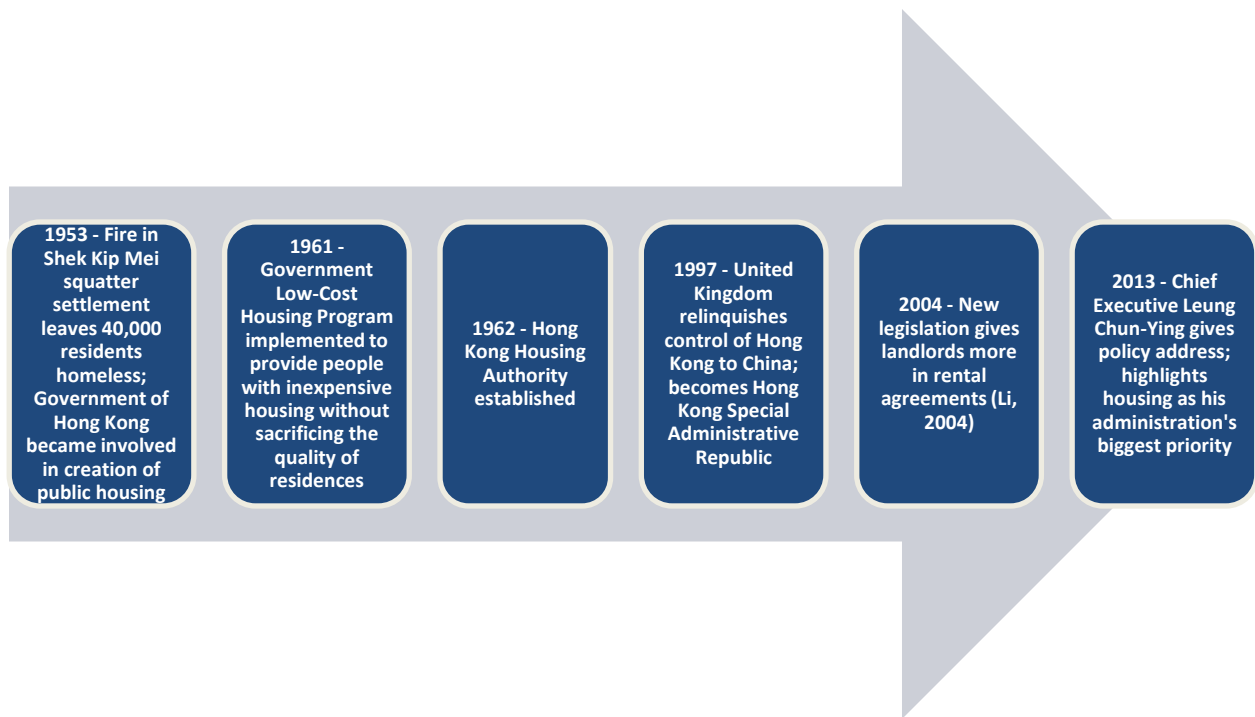
**FIGURE 1: HONG KONG MONTHLY INCOME DISTRIBUTION.**

The graph visualizes the substantial amount of low-income individuals currently residing in Hong Kong. More than one-quarter of the population has an income lower than HK\$10,000 per



month, with nearly 8% of the population having a monthly income lower than HK\$4,000 (Information Services Department, 2012).

The steady increase in the amount of low-income families, largely attributed to the influx of Chinese immigrants to Hong Kong that began in the 1950's, helped spark the beginning of Hong Kong's welfare system, specifically in the housing market (Half-Yearly Economic Report, 2012). Until the mid-1950's, virtually no public housing existed in Hong Kong. In 1953, following a fire in the Shek Kip Mei squatter settlement that left 40,000 residents homeless, the government of Hong Kong began involving itself extensively in the creation of public housing (Grange, 2004). In 1961, the Government Low-Cost Housing Program was implemented to provide people with inexpensive housing without sacrificing the quality of residences. By 1965, high-rise apartment blocks had arisen throughout Hong Kong's major urban areas, and the number of people in public housing had reached one million. In 1972, the government began a new ten-year housing program that planned for new public housing that would accommodate 1.8 million people. The following year, the Hong Kong Housing Authority was established to spearhead the government's housing program, and has continued to lead development of public housing in Hong Kong through the present day (Public Housing Development, 2012). Figure 2 on the following page depicts a timeline of influential events regarding Hong Kong's housing market since the 1950's.



**FIGURE 2: TIMELINE OF SIGNIFICANT EVENTS IN HONG KONG HOUSING**

### **2.1.2 Current Housing Policy**

The price of housing in Hong Kong has been soaring for the past three years (“Residential Prices Surging,” 2013). In 2012 alone, the average price of residential property increased by nearly 24% (“Residential Prices Surging,” 2013). In April 2012, The Economist, an international affairs newspaper, calculated Hong Kong’s home-price index to be 58% above fair value, making its housing market the second-most overvalued in the world, behind only Singapore. This index, put simply, is a long-term average of the ratio of housing prices to rents and incomes (“Mid-Levels They Ain’t,” 2012). The average price of an apartment smaller than 40 square meters was HK\$122,346 as of November 2012. Property analysts expect prices to continue to rise in 2013, although at a slower rate (“Residential Prices Surging,” 2013).

Public Rental Housing (PRH) provided by the Hong Kong Housing Authority is the main source of subsidized residence for the more fortunate of Hong Kong’s lower class. A total of

722,000 subdivided Public Rental Housing units currently exist in Hong Kong, 70,000 of which were constructed over the past decade. Moreover, approximately 215,000 people, nearly thirty percent of Hong Kong's total population, currently reside in Public Rental Housing units (Hong Kong Housing Authority, 2012). However, to be eligible for public housing, a family must have lived in Hong Kong for a minimum of 7 years, and must have a total income below a certain level, depending on how many persons there are in the household. Figure 3 below shows the Hong Kong Housing Authority's (2012) standards for maximum net income and assets by family size to qualify for public housing.

Family Size	Maximum Income Limit (per month)	Total Net Asset Limit
1 Person	\$8,740	\$203,000
2 Persons	\$13,410	\$274,000
3 Persons	\$17,060	\$359,000
4 Persons	\$20,710	\$418,000
5 Persons	\$23,640	\$465,000
6 Persons	\$26,590	\$503,000
7 Persons	\$29,560	\$537,000
8 Persons	\$31,620	\$563,000
9 Persons	\$35,360	\$622,000
10 or more Persons	\$37,150	\$670,000

**FIGURE 3: PUBLIC RENTAL HOUSING FINANCIAL ELIGIBILITY. ADAPTED FROM *INCOME AND ASSET LIMITS, APRIL 2012*, HONG KONG HOUSING AUTHORITY**

Despite the Housing Authority's comprehensive public housing system, there are still an enormous number of eligible citizens unable to obtain this type of housing. Currently, all Public Rental Housing units are in use, and applying for PRH is relatively futile. According to the Hong Kong Special Administrative Republic's Information Services Department (2012), the waiting list for public housing comprises of approximately 189,500 applicants, with an average wait time of 2.6 years.

One goal illustrated by the Hong Kong government since the 1980's has been the privatization of the public housing sector (Grange, 2004). After the political recuperation of Hong Kong with China in 1997, the government carried out a series of significant housing modifications. Furthermore, the government envisioned that by 2007, Hong Kong would have an overall home ownership rate of 70% (Grange, 2004). As of 2010, the overall home ownership rate had only reached 53% (Public Consultation on Subsidizing Home Ownership, 2010). Furthermore, although the city's legislative branches have instituted multiple rounds of inspections and building demolitions over the past several years, many of these moves have been seen less as progressive towards overall housing reform, and rather as reactionary political moves to horrifying incidents caused by subdivided housing (Bowring, 2010).

In July 2012, Hong Kong's latest Chief Executive, Leung Chun-Ying, took office, carrying promises of housing policy reform. Little time has passed since his election, but there have been very few housing initiatives. Leung's plans mainly focus on bolstering residential sales and subsidizing existing public housing. In addition, Leung has stated plans to convert old industrial buildings into residences, which could yield 11,900 new homes. In August of 2012, Hong Kong's government announced that it would increase public housing by twenty percent. However, the

Hong Kong Housing Authority projects that only 14,100 new units will be produced per year in 2013 and 2014, which will accommodate only thirteen percent of the current waiting list for public housing (Chiu, 2012). However, the Chief Executive has promised 65,000 new private sector homes within the next four years, and 75,000 new public housing units within the next five (McMillan & Pomfret, 2012). Many property analysts do not believe the proposed measures will have much, if any, effect on the housing market's current state of disarray. Analysts claim that these proposed policies are fairly comparable to past policies and therefore will be unable to cool property prices (McMillan & Pomfret, 2012).

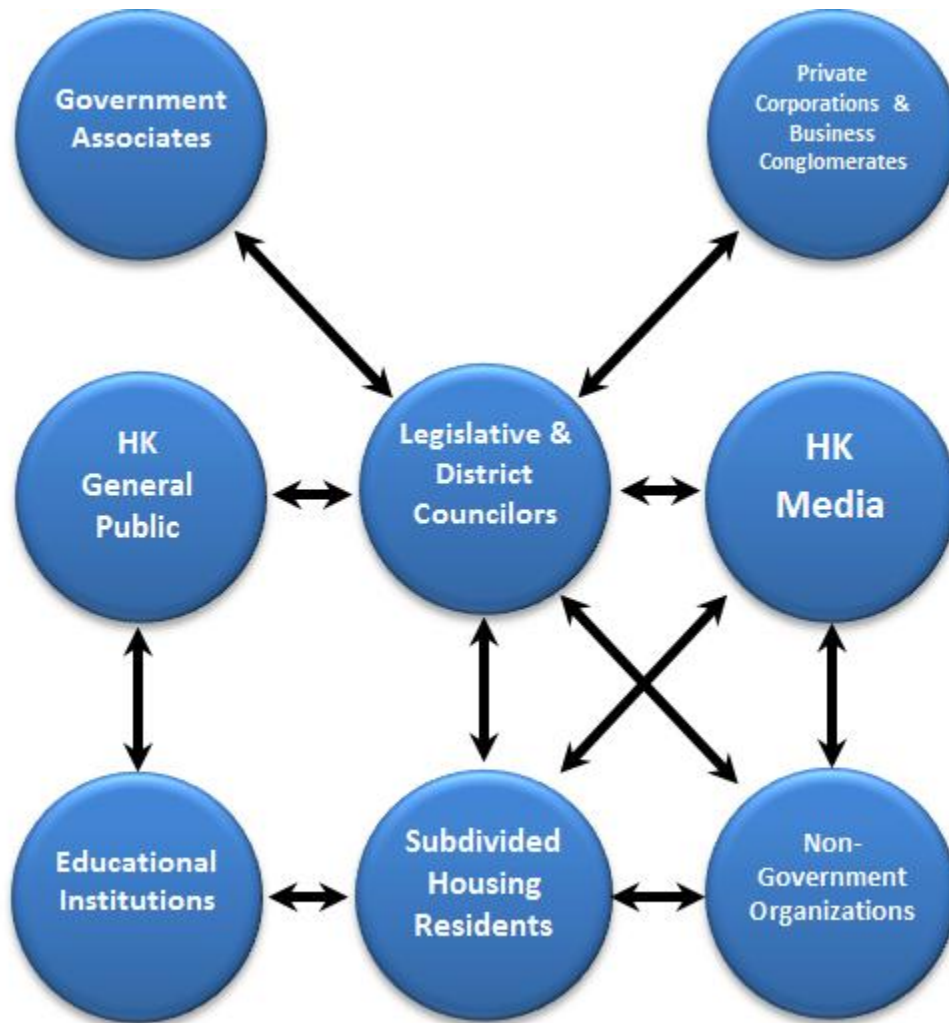
### **2.1.3 Stakeholders in Housing Market Reform**

Reform of Hong Kong's housing market heavily depends on the input of its various stakeholders. The stakeholders can be defined as the individuals and organizations who can affect or who are affected by the state of the housing market in Hong Kong. These stakeholders have the ability to demand change, influence policymakers, and/or potentially cause the issue to persist if they desire.

The Hong Kong Housing Authority has made it a priority in its actions to involve stakeholders as much as possible in the decision making and recommendation process for legislation. For instance, the Housing Authority has made it a point not only to listen to residents about their needs, but to consult with Housing Authority business partners and contractors to listen to their corporate needs as well (Hong Kong Housing Authority, 2009). This plan of action follows the mindset illustrated by Yang and Yang (2009), where "the different perceptions, roles and incentives of stakeholders, who inevitably need to ensure their benefits

and commercial returns, should be highlighted and acted upon” by taking into account the needs of all stakeholders (Yang & Yang, 2009).

Figure 4 below, depicts various stakeholders of the housing market and the subdivided housing issue, as well as inter-stakeholder relationships.



**FIGURE 4: HONG KONG SUBDIVIDED HOUSING STAKEHOLDERS AND RELATIONSHIPS**

## **2.2 Overview of Subdivided Housing**

In response to the many shortcomings of Hong Kong’s housing market, a widespread presence of subdivided housing has arisen to accommodate the city’s poorer citizens.

Subdivided housing occurs when a single living space is partitioned into two or more homes to

accommodate more tenants. The subdivision of flats in Hong Kong leads to many problems and numerous imminent dangers for poverty-stricken residents (Buildings Department, 2013). Far too often, people are found living in squalor and filth, confronted with terrible conditions. Blatant disregard for building codes during the construction of these units frequently results in significant safety threats to tenants. Absence of proper fire safety procedures and exit strategies has led to large-scale disasters (Associated Free Press, 2010). In addition to obvious discomfort, crowding in subdivided homes creates an environment that fosters uncleanliness and the spread of disease. The combination of these shortcomings makes subdivided housing in Hong Kong highly conducive to poor health and poses imminent threats to the safety of residents.

### **2.2.1 Subdivided Flats**

Subdivided flats are the simplest and most prevalent form of subdivided housing. The subdivision of a flat refers to the practice of dividing a traditional single-family apartment into two or more individual dwellings to accommodate additional families. In order for this action to be legal, owners are required to adhere to the Hong Kong Building Ordinance by hiring licensed professionals to perform necessary construction. However, quite often these renovations are done illegally, violating building codes and jeopardizing the overall safety of tenants (Buildings Department, 2013). These flats are claustrophobic, usually containing only 10-15 square meters of floor area (Chiu, 2012). According to the Platform Concerning Subdivided Flats and Relevant Issues of Hong Kong, an estimated 280,000 subdivided units exist in Hong Kong (2012). This number includes not only typical subdivided flats, but also much lower-quality and more extreme types of subdivided housing.

[5]



[6]



**FIGURE 5 (LEFT): NINE APARTMENTS IN 645 FT 2. ROBERTS, ANNE (2010)**

**FIGURE 6 (RIGHT): CORRIDOR WITH 22 APARTMENTS ON TWO LEVELS. ROBERTS, ANNE (2010)**

### **2.2.2 Subdivided Housing in Converted Industrial Buildings**

Many of Hong Kong's poorest citizens are currently subjected to even worse conditions than those of average subdivided homes, as some citizens choose to live in units constructed inside converted industrial buildings (Yeung, 2011). This practice is not uncommon, despite the fact that establishing residence in an industrial building is illegal (Chan, 2012a).

Fairly common in these converted industrial buildings are "cubicle homes," which are crudely constructed wooden sections usually left uncovered at the top to allow for ventilation (Chan, 2012a). On a single floor in a converted factory building in Tai Kok Tsui, 39 rooms,



averaging less than 15 square meters each, are home to 40 people, who are forced to share two bathrooms and three showers (Yeung, 2011). There is very little space for creature comforts.

An especially tiny, cramped class of subdivided living spaces known as “coffin homes” provides shelter to some of Hong Kong’s poorest families. These units, less than two square meters in floor area, are so small that tenants are literally packed on top of one another “like sardines” (Gottlieb & Hang, 2011). According to CNN (2011), one particular “coffin home” building in Wan Chai accommodated twenty tenants, forcing them to share one bathroom and shower. The hallways of the building were covered in exposed makeshift wiring, creating a threat of electric shock, and ventilation was almost nonexistent (Gottlieb & Hang, 2011). One resident, who chose to remain anonymous, described life in his “coffin home” to CNN reporters:

“I can skip meals, ignore the dirt, bedbugs, and stuffiness, but the biggest problem we have here is safety. There have been close calls over the years. We're stacked like sardines, and there are no regulations. We'd all be dead if a fire were to start (2011).”

An even further extreme in substandard living is seen in what are known as “cage homes.” These subdivided housing units are typically 1.5 square meters in floor space and are partitioned into cubicles made of mesh wire and stacked on top of one another (Hong Kong’s Poor, 2013). Temperatures are unbearably hot in these units, remaining constantly over 35°C (Yoon, 2009).

[7]



**FIGURE 7 (LEFT): TWO MEN LIVING IN METAL “CAGES HOMES.” ROBERTS, ANNE (2010)**

[8]



**FIGURE 8 (RIGHT): MAN LIVING IN 3.5FT TALL “CUBICLE HOME.” ROBERTS, ANNE (2010)**

### **2.2.3 Building Code Violations**

More often than not, subdivided units in Hong Kong have been constructed with complete disregard for building codes and ordinances. Original partition walls are frequently removed from flats in order to make room for many new non-loadbearing walls. These new walls add to the stress on floors and loadbearing walls, threatening the structural integrity of entire buildings (Buildings Department, 2013).

Hong Kong is home to numerous residential structures whose ages exceed 50 years (Leung, 2010). Consequently, building collapse is a relatively common occurrence in Hong Kong. On January 29, 2010, a five-story residential building in Kowloon collapsed suddenly, killing four people, seriously injuring two others, and leaving 100 tenants without housing (Associated Free Press, 2010). In April of 2010, Hong Kong’s Buildings Department conducted an in-depth investigation in order to better understand the January collapse. The resulting report listed several contributing factors to the building’s structural failure: additional loading due to flat subdivision on all upper floors, a degraded state of the building’s construction materials, and a lack of proper maintenance (“Report on the Collapse”, 2010). After a follow-up investigation, of

4,011 similarly styled residential buildings, 2,302 residences were declared to have some sort of structural defect (“Column Damage Caused Building Collapse: Report”, 2010).

#### **2.2.4 Fire Safety Violations**

Amongst the obvious consequences from overlooking building codes, arguably the most imminent threat to tenants is that of fire. Fire escape plans rarely exist, and where they do, escape routes are often blocked or are inaccessible due to the illegal construction of partition walls intended to subdivide units. In addition, fire-rated doors, meant to impede the spread of fire, are also uncommon, compounding the risk of a fire growing out of control. In the case of a fire, with no ventilation or means of escape, tenants can easily be trapped and killed. Because fire spreads quickly through densely populated places like a subdivided structure, even a small fire from an external source can be catastrophic to a subdivided building (Buildings Department, 2013). In November 2011 for instance, a fire began at a market in the Mongkok district of Kowloon and almost immediately engulfed the residential flats above. As a result, nine people were killed in the four-alarm fire, while 30 more people were hospitalized (Associated Free Press, 2010).

#### **2.2.5 Environmental Hygiene Issues**

Deficient environmental hygiene is another problem that exists in subdivided housing units. When flats are subdivided, additional plumbing fixtures such as toilets and sinks are commonly installed by landlords or in some cases by tenants themselves. Improper installation of such fixtures frequently leads to water seepage, which can cause corrosion and create dangerous molds that can prove harmful, or even fatal to tenants (Buildings Department,

2013). Additionally, since most units lack windows and proper ventilation, air circulation is a foreign concept. As a result, residents live in filthy, cramped apartments where disease is able to run rampant (Buildings Department, 2013). In fact, a large number of subdivided flats in Hong Kong have been reported by the Hong Kong Housing Authority (2010) containing asbestos, a material that when inhaled consistently over a long period of time can cause serious illness including cancer. Transmittable diseases, SARS for example, run rampant in close-quarter housing complexes in Hong Kong. One particular 33-floor apartment block in the Amoy Gardens complex in Kowloon was home to 131 cases of SARS as of April 2003. Following the outbreak, 241 additional residents were quarantined to prevent further spread of the disease (Cyranski & Abbott, 2003)

[9]



**FIGURE 9 (LEFT): A KITCHEN SHARED BY 21 PEOPLE. ROBERTS, ANNE (2010)**

[10]



**FIGURE 10 (RIGHT): A TOILET SHARED BY 22 SUBDIVIDED UNITS. ROBERTS, ANNE (2010)**

## **2.6 Summary**

Studying Hong Kong's history of urban development and its progression has helped us to better understand the territory's economic backdrop. Furthermore, looking at current housing policies allowed us to find flaws and opportunities for change. By examining the conditions and consequences of buildings containing subdivided units, we were able to narrow our focus and gain an understanding of specific problems associated with subdivided housing. With this preliminary investigation of the housing predicament in Hong Kong, we were able to gain valuable insight that provided us with a strong basis of knowledge to begin the extensive research outlined in our methodology chapter.

### **3.0 Methodology**

The ultimate goal of this project was to develop a set of recommendations to Hong Kong's policymakers to aid in reform process of the city's subdivided housing problem. To enable these recommendations, we established three research objectives:

- 1. Trace and explain the development of subdivided units in Hong Kong with reference to the socio-economic context**
- 2. Analyze the position of Hong Kong's government on subdivided housing**
- 3. Survey and analyze the public's perception of the city's housing situation**

In this chapter, we document the methods we used to attain these goals.

#### **3.1 Archival Research**

As part of answering all of our research questions, our team relied heavily on the methodology of archival research. Archival research, although dependent on secondary sources of information, was one of the most useful forms of research our team could use because of the abundant amount of information on the subjects we looked to investigate (Maxwell, 2012). Furthermore, by sampling information from reputable sources like government published statistics and respected newspapers, we could infer that data our team sampled was valid.

Our team developed a systematic plan to sample our data. First, we would consider the research question we were looking to answer. Depending on the research question at hand, we determined the various subjects our team would need to investigate; statements given by tenants of subdivided housing for example. Then, we decided on specific areas to gather data from, newspapers for example. Finally, after finding an article or text that pertained to our topic

of interest, if we determined that the source was both reputable and contained information that was applicable to our research question, we chose to sample it for data.

We relied on multiple areas to sample our data from. One particular type of source we relied heavily upon was local newsprints. Newspapers, primarily the South China Morning Post and the China Daily, supported our team with relevant, expansive, and up to date information about the subdivided housing issue. In fact, some of the articles we harvested data from were released over the course of our stay in Hong Kong, meaning data was as recent as physically possible. Our team also commonly sampled from statistics published by the HKSAR. These statistics were not only comprehensive, but were an inherently valid source of data being published based on government sponsored records. Finally, our team analyzed the opinions of experts on the subdivided housing subject. Persons well-versed on the subdivided housing issue, who have completed independent studies and understand the economic and social ramifications of the subdivided housing problem, offered our team informed statements which we could apply towards our overall conclusions of our research questions.

### **3.2 Survey and Analysis**

For our first attempt to begin understanding the public's perception of the subdivided housing issue, our team tried to conduct a survey among individuals living in subdivided units. The primary focus of our project's survey was to collect information about the opinions on the current state of subdivided housing from individuals who live in subdivided units. To attain a clear picture of tenants' opinions, our survey asked questions related to the many hazards and consequences caused by subdivided housing we discovered from our initial research. For instance, our survey asked questions about people's feelings regarding safety in the event of a

fire, sanitary conditions in subdivided units, and other areas of concern to better develop our understanding of how residents truly feel about their situation. A transcript of our survey can be found in Appendixes B and C.

Along with gathering data about tenants' opinions of subdivided housing, our survey also attempted to collect personal information about the participants to supplement our research by analyzing any trends in responses based on demographics. By asking questions about participants' gender, annual salary, and family size, we wanted to be able to scrutinize our opinion-based responses by investigating how individuals from various demographics answered our initial questions, allowing us to recognize any existing biases. Furthermore, we then wanted to build relationships between tenants' backgrounds and how they felt about subdivided housing, if possible.

To facilitate the success of our study, when planning our survey we also took into careful consideration the means of distribution and its format. We opted to utilize a paper survey rather than an electronic or online survey because many of the individuals living in subdivided units are not particularly wealthy and may not have had easy access to a computer or internet connection. Moreover, by using a paper survey, we believed that we would be able to travel to our sample buildings and individually distribute our surveys door to door. We predicted that this would ensure that our study would have been accessible to our sample population and hopefully encourage participation. A paper survey would also have been beneficial to our sponsor, as it would have minimized operation costs for the study to mere printing costs. Finally, we wanted to setup a collection point near a common entrance of each building in the form of a locked box which would have provided participants with a convenient



means of submitting their surveys, giving us, as researchers, an easy way to physically collect them, and prevent any potential tampering of results.

Our initial plan was to sample 4 buildings on the Kowloon peninsula: 2 containing legal subdivided units and 2 containing illegal subdivided units. We chose to survey both illegal and legal buildings in order to attain data from individuals living in both types of units. Furthermore, by sampling illegal and legal subdivisions, we would have been able to add depth and diversity to our overall sample population. We then wanted to distribute 600 surveys equally amongst each of the buildings. We determined using the fundamental equations for confidence intervals and confidence levels that in order to have a 95% confidence level with a 5% confidence interval based on the total number subdivided units in Hong Kong to detect a medium level effect (in this case a sample mean difference between the buildings), we needed a minimum of 380 total responses on our survey (“Calculating Sample Size”, 2012; “Confidence Intervals,” 1998). By distributing a total of 600 surveys (300 per building), we then only would have required a 63% participation rate to have statistically valid data. However, we would like to emphasize that comparing the sample means would have only been part of the reason we conducted the survey. We were also interested in characterizing perceptions toward this issue and so we would have performed descriptive statistics on our entire data set.

However, much to our dismay, the reality of performing our study was much different than we anticipated. We had a very difficult time eliciting any participation for our survey. After an entire day trying to distribute our study, we yielded zero participants. Upon reassessment of our survey, we determined that it would be impossible for our team to complete our study as planned. Although a zero response rate on our survey was still a usable

point of data, we did need to develop an alternative method for quantitatively understanding the public's opinion of subdivided housing. After speaking with our sponsor liaison and advisors, we decided to analyze data collected from a previous study that was closely related to the data we proposed to collect.

The Platform Concerning Subdivided Housing and Issues in Hong Kong (PCSHIHK) performed a study in 2012 that surveyed residents of various types of subdivided housing. The survey questioned residents about various subjects: personal demographics, economic and housing backgrounds, opinions about living conditions and public housing, and potential effectiveness possible policies (Subdivided Flat Study Summary, 2012). We chose to analyze this particular study because the data it yielded coincided with many of the areas our initially proposed survey intended to research.

Considering the quantitative data that the study yielded, our team drew conclusions about how members of the subdivided housing community viewed various aspects of the subdivided housing problem. These conclusions about subdivided housing tenants' perspectives then supplemented our overall conclusions about how the Hong Kong public feels as a whole toward the subdivided housing issue and answer our research question. To draw these conclusions, our team analyzed the responses from the various areas the survey considered using the same methodology we proposed for our original survey. We produced graphs and charts to create easily understandable representations of the data, which allowed us to quickly and efficiently see trends in how participants answered questions. Unfortunately, because our team was not able to attain the raw data from the surveys, only to look at the overall printed results, we could not draw the correlations between demographics and other responses as we

desired to with our proposed survey. However, because many questions yielded responses where a majority of participants answered in a uniform manner, we were able to easily see consensus of opinions. As a result, we were able to draw accurate conclusions to answer our research question about the public's perspective of subdivided housing. Moreover, the study offered us data on how tenants felt about different policy proposals, as well as enriched our general knowledge about the lives of families living in subdivided units; both of these areas helped shape our final recommendations.

Just as validity was important when we designed our initial survey, it was also important to us when analyzing the PCSHIHK's study. Fortunately, the PCSHIHK paid close attention to detail when designing their survey for validity. First, because of the overall nature of subdivided housing, sampling was required to complete the study. To create their sample, the PCSHIHK first drew at random 6 of the 18 Hong Kong districts to evaluate. Upon selecting the overall districts to study, the PCSHIHK then chose one area per district to sample from: Kwun Tong, Tai Kok Tsui, To Kwan Wan, Central and Western District, Kwai Chung, and Sham Shui Po were the areas studied. From these areas, the PCSHIHK then used a computer generated simple random sample to pick from buildings over 30 years of age (buildings with highest likelihood of containing subdivided units) in these areas to distribute surveys. This system allowed for any biases based on selection of a sample to be avoided. Furthermore, as we mentioned previously, based upon the estimated total number of subdivided units in Hong Kong, we looked to acquire at least 380 responses per question to consider responses statistically valid. Conveniently, many of the questions our team analyzed from the PCSHIHK received response rates higher than the minimum we set, which reinforced our confidence in drawing valid conclusions.

### 3.3 Interviews

From analyzing the study done by the PCSHIHK, we were able to acquire and analyze a large amount of quantitative data regarding the Hong Kong public's opinions of subdivided housing. In addition, we supplemented that data with qualitative interviews. Through the interviews we want to attain a truthful understanding of how people feel about the issue at hand. The interviews allowed participants to speak openly on different areas of the subdivided housing issue, ranging from the general thoughts and areas of concern, to their opinion on the government's actions (or inactions) and what needs to be done to resolve the issue. However, like our survey, we also had a lack of participation in some of our proposed interviews and therefore had to modify our original plans to adapt to the cultural and social norms of Hong Kong to attain useful information.

For our first set of interviews, we looked at the opinions of the upper class and those who were not likely to be directly affected by the subdivided housing issue. We traveled to Hong Kong Island, specifically the Central and Lan Kwai Fong areas, which are more predominantly upper class, characterized by their ritzy shopping districts and ultra-high-end stores. Rather than stop people on the street and attempt an interview, which we immediately found to be futile, we interviewed people in cafés and shopping areas, where we found individuals were more relaxed and willing to participate in our study. By joint decision between our project team and our sponsor liaison, we decided that for the purpose and scope of our study, ten subjects was an appropriate number to sample for our interviews. The objective of these interviews was to help us understand how the *entire* Hong Kong public feels about the housing issue. By interviewing the upper and middle classes, we were able to attain an

understanding of whether or not there was legitimate concern for this issue amongst those who weren't directly affected, and to what degree. Furthermore, this sample set, because their socioeconomic status, were not only able to articulate the issue at hand better to us, but gave us deeper insight into areas that we did not originally observe, adding depth to our understanding and helping us tremendously in our policy recommendations.

For our second set of interviews, we wanted to obtain the opinions of the actual residents of subdivided housing. We again decided that a set of 10 residents was an appropriate size. However, in contrast to our interviews with the upper classes, which were concerned with the broader issue, our studies with the residents would have faced subdivided housing at a more personal level. Furthermore, we sought after tenants' opinions about various consequences of subdivided housing we recognized in our initial research like ventilation and fire safety. These interviews would have served a dual role as triangulation points for our attempted survey as well. We intended to compare data collected from survey and interviews to validate them. However, much like our attempts to survey these individuals, our attempted interviews with them were equally futile for the same reason: we were not able to actively elicit enough participation from residents to complete our initially proposed study.

We did, however, succeed in one instance interviewing a subdivided resident in Tai Kok Tsui. After several hours of searching, one tenant kindly allowed us access beyond the metal cage door to a set of subdivided units; one belonging to herself and her daughter. We not only took full advantage the opportunity to conduct the interview, but also took multiple pictures and observations. Upon the conclusion of the interview, we then analyzed the tenant's answers as well applied the observations towards our policy recommendations. Since relying on the

interview of a single tenant to determine the opinion of all subdivided unit tenants is unrealistic, we applied the results of this interview toward the public's overall opinion of subdivided housing, an area where we were able to collect a much greater quantity of data.

In response to our less successful attempts interview residents in subdivided units, our team decided to interview residents of lower class areas. Our team conducted interviews with the locals of Tai Kok Tsui, a lower class area with a previously confirmed widespread existence of subdivided units. Similar to our interviews with the upper and middle class, we talked to locals waiting for buses and shopping at local markets, as they were the most likely to participate in our study. To achieve consistency and a point of comparison between our responses from the upper and middle classes, we used the same interview guide to question the lower class citizens. Our initial goal was to interview a minimum of 10 residents, again. However, the lower class was still much more reluctant to participate in our study. After many hours attempting to solicit responses, we were only able to complete five interviews to analyze and apply to our recommendation process.

Upon translating and compiling responses from our interviews with the upper and lower classes, besides making conclusions about how each individual party felt about subdivided housing, we were also able to draw comparisons between the responses. This gave our team the opportunity to understand the similarities and differences between the views of these two groups on the same issue.

Finally, our team performed an interview with Mr. Paul Kwok Lai, a member of the PCSHIHK; the same group that conducted the study we analyzed. Mr. Paul Kwok Lai is one of the PCSHIHK's founding members, and is a highly educated individual on the subdivided

housing issue. The intention of our interview with Mr. Lai was to supplement our overall understanding of the public's perspective on subdivided housing with the knowledge and opinions from a well-informed person on the matter. Furthermore, our interview with Mr. Lai also gave our team the opportunity to understand the goals and views of non-government organization that has investigated the issue. We asked a wide variety of questions pertaining to all of our research objectives. We were careful when applying their opinions to our research questions because we realize that their views, although many were based on facts, are still biased towards their own goals. Yet, the views of Mr. Lai and the PCSHIHK were still very valuable because they informed us about different areas of the subdivided housing issue and contributed to broadening our overall conclusions on the Hong Kong public's perspective.

### **3.4 Summary**

It was unfortunate, in retrospect, that our team was not able to solicit better participation from Hong Kong's subdivided unit tenants. However, their non-participation is a data point, and we successfully altered part of the research process to adapt to variable change

Our methods provided an immense amount of relevant data. From the information we gathered, our team was able to make careful analyses and draw conclusions to answer our research questions, as detailed in the following chapter. As a result, our team was able to formulate realistic, well-rounded recommendations addressing Hong Kong's subdivided housing problem.

## **4.0 Results and Analysis**

Our team's fundamental objective for this research project was to develop a set of recommendations to assist in reform and solve Hong Kong's subdivided housing problem. We recognized the various areas that Hong Kong's housing market was deficient in and that were actively perpetuating the subdivided housing issue itself. In response, our team then formulated recommendations based on the information we gathered from our interviews, observations, and archival research that would help reform these deficiencies and aid policymakers in solving the subdivided housing issue. This chapter discusses our data and results as well as the analyses our team utilized to formulate our final recommendations.

### **4.1 Causes of Widespread Subdivided Housing**

Our first research objective was to investigate the underlying causes of the widespread subdividing of housing that occurs in Hong Kong's urban districts. By researching government websites and well-known, highly reputable news sources including, but not limited to, the South China Morning Post, the Wall Street Journal, and the China Daily, we were able to successfully determine a comprehensive group of policies, occurrences, and other factors that have facilitated and enabled this problem's prevalence. We found that many of these factors, which have combined to cause the significant presence of subdivided housing, are intertwined, rather than completely independent of one another. At the surface of our research, we discovered that there is a significant imbalance between supply and demand in Hong Kong's real estate market. In order to understand the reasons for this imbalance, extensive investigation and analysis was necessary.



#### **4.1.1 Lack of Space for Development in Existing Urban Areas**

Hong Kong is notorious for its extremely condensed urban areas and unparalleled population density. By investigating official statistics found on the HKSAR's government web network, we were able to understand the territory's population and spatial circumstances. The entire territory, including Kowloon, Hong Kong Island, the New Territories, and all other islands, is home to a population of 7,108,100. With a total land area of 1,104 square kilometers, the region boasts a total population density of 6,580 persons per square kilometer (Census and Statistics Department, 2012).

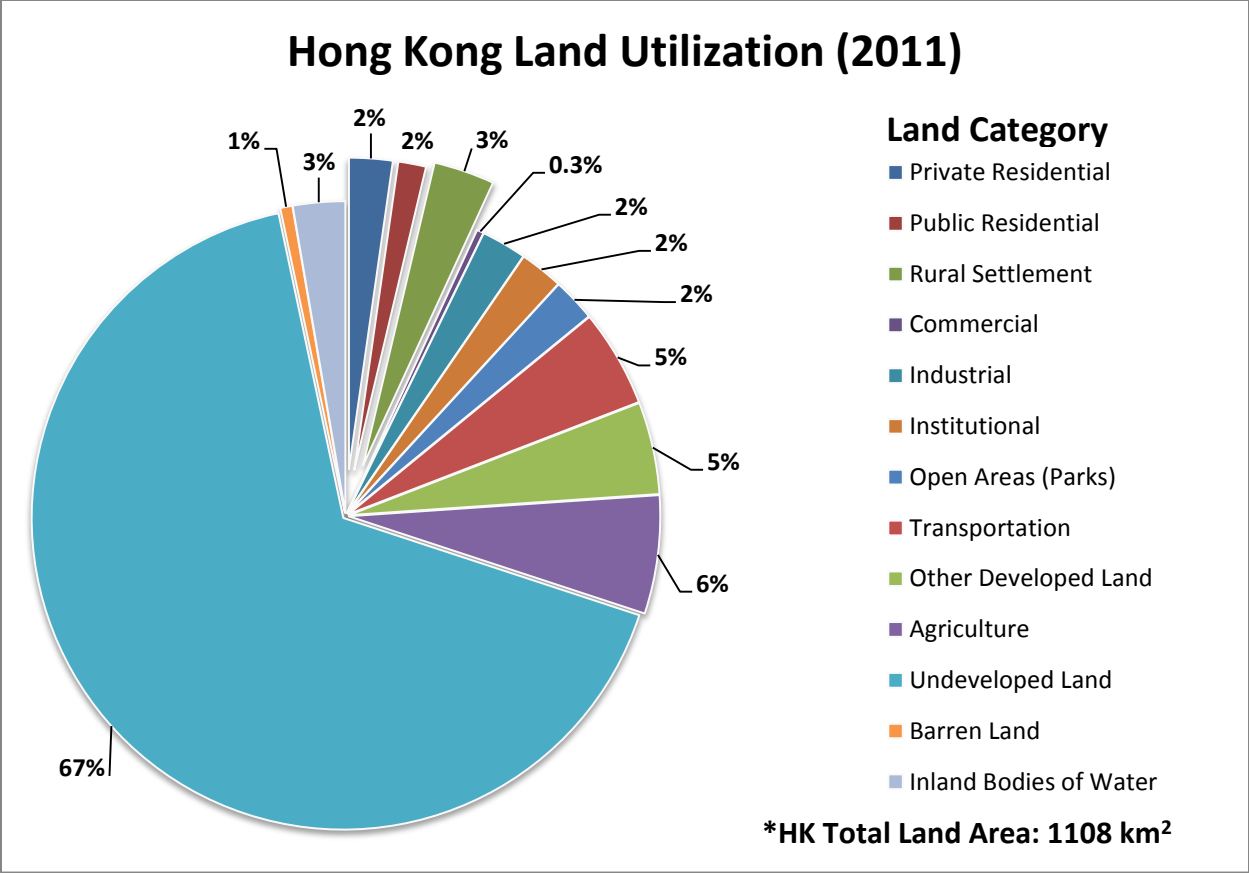
However, only one-quarter of Hong Kong's total land area has been built-up and urbanized (Yeh, 2011), and only 7% of the total land area has been designated for residential use (Hui, 2011), contributing to the far more extreme population density statistics found in the urban regions of Hong Kong Island and Kowloon. Hong Kong Island has a land area of 80.6 square kilometers and a population density of 16,320 persons per square kilometer. Kowloon, with a land area of 46.9 square kilometers, has an astonishing population density of 44,760 persons per square kilometer (Yeh, 2011). This number is astounding when compared to one of the most densely populated cities in the United States, Los Angeles, California, which only has a population density of 2,400 persons per square kilometer (Demographia, 2013).

From all of this information, it is clear that Hong Kong's urban areas are some of the most densely populated in the world. The population density statistics above prove that there is a major shortage in supply of new land for development in these areas. Additionally, such large population densities are a major contributing factor in Hong Kong's demand for space, and consequently housing. The fact that only one-quarter of Hong Kong's total land has been

developed makes it quite evident that a vast amount of land is available outside major urban centers. From this information, our team was faced with the task of investigating the reason for the major under-utilization of this available land.

#### **4.1.2 Constricted Supply of Land for Further Development**

It is apparent that land for development is being severely limited, despite the copious amount of undeveloped land that currently exists throughout Hong Kong. Chau Kwong-wing, chair professor of real estate and construction at the University of Hong Kong claimed that, “Hong Kong isn’t short of land,” but the problem is that, “[Hong Kong’s] land-use design has failed to catch up with the changes in society” (Hui, 2011). The reason for the absence of development of available space is rooted in the government’s complete monopoly of the available land. Hong Kong’s government has the power to auction off land parcels, yet only does so when they consider it necessary. C.K. Lau, a real estate broker at Jones Lang LaSalle, stated that since 2002, officials have sustained “extremely tight land supplies” (“Mid-Levels They Ain’t”, 2011). This lack of land supply, of course, results in fewer homes being built. Moreover, during the 1990’s, an average of 23,000 new homes were constructed each year, compared to 11,000 over the past decade (“Mid-Levels They Ain’t”, 2011). Figure 11 is a chart created from Planning Department (2012) data representing the distribution of land by type.



**FIGURE 11: LAND UTILIZATION IN HONG KONG.**

Alice Poon, a former executive of a Hong Kong real estate development company and author of *“Land and the Ruling Class in Hong Kong,”* attributed Hong Kong’s under-utilization of land resources to the government’s “over-reliance on land-sale revenue for its fiscal health” (Hui, 2011). Furthermore, Francis Lui, a professor of economics at the Hong Kong University of Science and Technology, claimed that, “The lack of government resources for identifying and developing residential sites is the ultimate root of the problem” (Hui, 2011). Regarding the housing issue, Chief Executive Donald Tsang told lawmakers “I have always believed we must first tackle market demand and land supply” (Hui, 2011).

From the information we have gathered, it is quite clear that government policy regarding land development has been inadequate as of late. Our research, including the general

consensus we have discovered among experts, has led us to believe that Hong Kong's government has, for some time, whether purposely or with neglect, severely limited the amount of land allowed to be sold. This constricted supply of land for auction clearly inhibits new residential development, which is highly detrimental to the housing market. A low supply of real estate, as in any market with a low supply and significant demand, facilitates high prices.

#### **4.1.3 Public Housing Supply**

After the large influx of mainland Chinese immigrants to Hong Kong occurred in the 1950's, the region was prompted to create one of the world's largest and most comprehensive public housing systems in the world (Hui, 2011). The overwhelming majority of public housing falls under the category of Public Rental Housing (Hong Kong Housing Authority, 2012). These public housing units generally accommodate low-income families with rent subsidization, allowing them to pay a rent significantly less than market value (Lok-Sang, 2011a).

To qualify for PRH, applicants must meet an inflexible set of household income requirements (Refer to 2.1.2). This inflexibility can be very problematic for many of Hong Kong's poor. For example, if a family eligible for public housing were to have an increase in income, due to a salary raise for example, placing them as little as one dollar above the threshold, they become ineligible for public housing. This obstinacy is very problematic, as people will often refuse to accept a raise, knowing that it will cause ineligibility for public housing (Lok-Sang, 2011b).

It is evident that the demand for public housing in Hong Kong significantly outweighs its supply. According to the Hong Kong Housing Authority (2012), there are 189,500 eligible families currently on the waiting list for PRH. These families wait an average of nearly three

years for accommodation (Information Services Department, 2012). Figure 12 below is a graph depicting the yearly production of Public Rental Housing since 2008, including projected construction through 2017, compared with the overall Public Rental Housing waiting list size (2012).

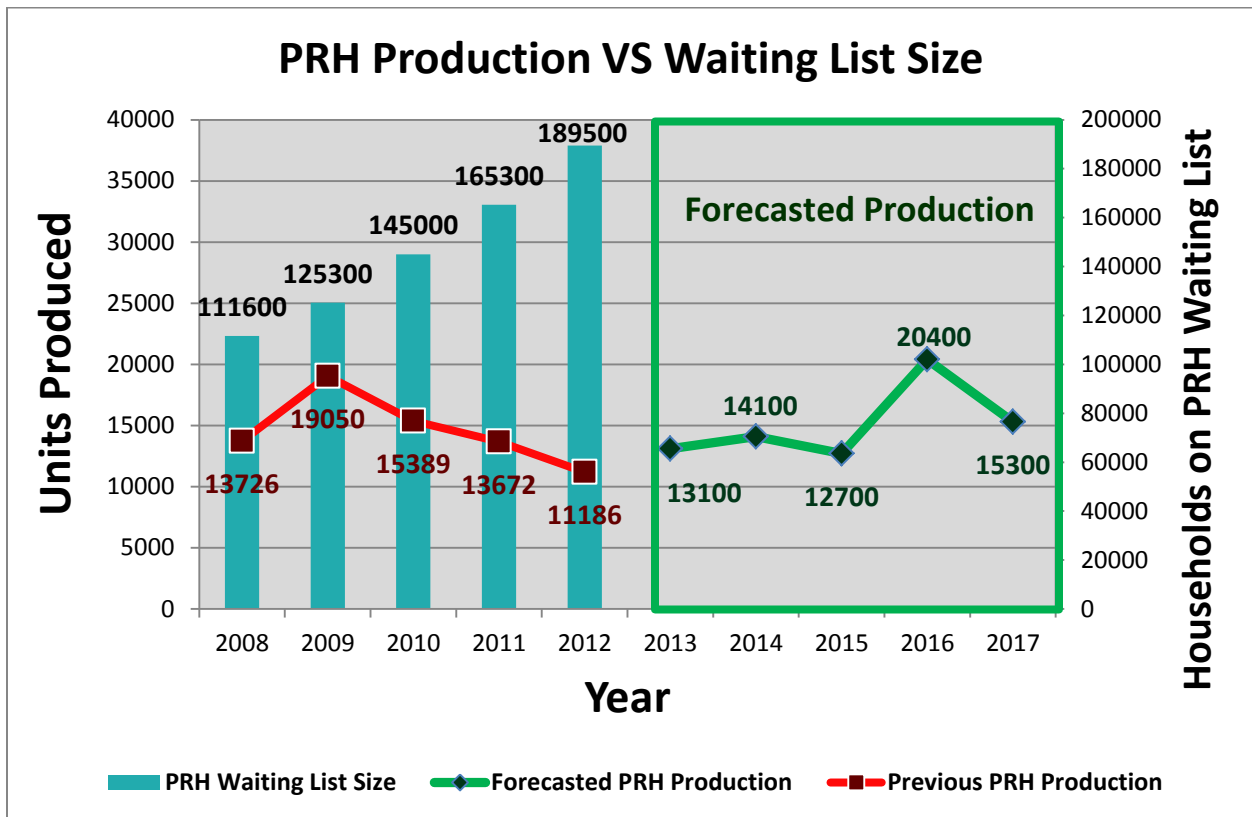


FIGURE 12: PUBLIC RENTAL HOUSING PRODUCTION VS WAITING LIST SIZE.

After comparing the size of the waiting list to the amount of new units created, it is apparent that the PRH supply is heavily outweighed by its demand. In order to accommodate every family currently on the waiting list, the PRH supply would need to increase by 26%, assuming the list does not grow in size. From the Housing Authority data, our team calculated the average production of new PRH flats projected over the next five years to be 15,120 units per year. Even if it is assumed that the waiting list holds steady at 189,500 families, it will take

12.5 years to provide PRH for all of them. Although public housing is generally a very realistic option for low-income families, in Hong Kong, public housing is unavailable to a large portion of the city's poorest people. Many people who are unable to afford most private housing and in desperate need of subsidized housing are not able to receive it, and therefore are forced to seek out alternative forms of affordable private housing, particularly subdivided units.

#### **4.1.4 Cost of Private Housing**

A severely limited supply of land combined with a strong demand for construction has inevitably led to astronomical property prices in Hong Kong. Currently in Hong Kong, the cost of private residential property is at an all-time high. Refer to section 2.1.2 for information on overall trends in housing prices of Hong Kong.

Especially for poor families, even the smallest, lowest quality illegally subdivided apartments are nearly impossible to afford because of these inflated prices. The average price of a private home has risen 76% since 2008 (Hui, 2011). Subdivided homes in residential buildings that measure 10 square meters in area are rented for an average of HK\$5000 per month (Kang-Chung, 2012). Smaller versions of this type of flat, measuring 8 square meters in floor space, cost HK\$3000 per month (Kang-Chung, 2012). "Cubicle homes" in converted industrial buildings, on average, cost HK\$1,400 per month with a HK\$300 deposit (Ho, 2012). Furthermore, despite clear inflation of prices in the private housing market, Hong Kong's government has neglected to put forth any type of rental control on properties containing subdivided flats (Florcuiz, 2012).

When comparing the cost of even the cheapest, lowest-quality, and in some cases illegal private housing with typical salary figures of Hong Kong's poor, it is not difficult to understand

the disparity that exists. Refer to section 2.1.1 for graphical representation regarding Hong Kong's income distribution. One quarter of households have a combined monthly income lower than HK\$10,000 and nearly 8% of households have a combined monthly income less than HK\$4,000 (Information Services Department, 2012). Despite the existence of Comprehensive Social Security Assistance, a widespread government welfare program, only 10% of households eligible for such assistance actually take advantage of the program (Lee, 2012b). With such low incomes, Hong Kong's poor have a truly difficult time affording even the cheapest private housing that exists.

From this information, we see that the prices of even the smallest flats in Hong Kong are extremely high. After comparing the prices of low-quality real estate with the average incomes of Hong Kong's lower-class, the disparity is clear: incomes are insufficient to afford any type of standard apartment. The only private homes that are realistically attainable with such an income are sub-divided flats, cubicles, or cages and thus, have led to their uses.

#### **4.1.5 Profits of Subdivision for Landlords**

Significant benefits exist for landlords who subdivide and rent flats. First, they are able to make significantly more rent money by subdividing a flat into several units than selling the unit as one apartment (Chiu, 2012). Secondly, building owners often utilize a verbal contract with tenants for rental. In doing this, landlords are able to take advantage of poor, under-educated residents by overcharging them. Furthermore, landlords are even able to subject their tenants to nearly unlivable conditions by shutting off the dwellings' utilities. Yet, with no written contract, landlords have the privilege to arbitrarily raise rent prices and evict tenants at will and without notice (Lee, 2012a). Unfortunately, tenants are forced to endure these

injustices because they are left with very few to no alternative housing options beyond living in the streets. Even worse, without government regulation or intervention, landlords will be able to continue such malpractices and reap the benefits from the suffering of many.

After learning of the many benefits a landlord reaps by renting out subdivided flats, it is now wonder the practice is so widely used. With a lack of government deterrence for this practice, there is very little reason for landlords not to rent out subdivided flats. The combined benefits and lack of discouragement to these landlords certainly helps perpetuate the widespread subdivided housing found in Hong Kong.

#### **4.1.6 Displacement of Hong Kong's Poorest Residents**

Over the past decade, the Buildings Department and the Urban Renewal Authority have become increasingly involved in demolition and redevelopment projects of some of Hong Kong's oldest, poorest quality residential buildings, including many old industrial buildings that had been converted into extremely dilapidated "cubicle" and "cage homes" ("Cubicle Crowd Fear," 2012). Several concerned non-government organizations have claimed that the government's crackdown on illegally subdivided homes such as these has become widespread, although the government fails to find any place to relocate families evicted from their illegal homes (Kang-Chung, 2012).

A coalition of concerned activist groups surveyed 200 families living in Sham Shui Po, Mong Kok, and To Kwa Wan in March 2012, and found that 20% of these families were facing eviction (Kang-Chung, 2012). Unfortunately, these families are given no option but to seek out alternative, sometimes even more illegal, housing options, as they are unable to afford legal apartments that cost significantly more than "cubicle homes" in converted industrial buildings.



From this information, our team was able to realize the significant amount of eviction that occurs in some of Hong Kong's cheapest urban properties. Because the families evicted are extremely poor, they are unable to afford to live someplace else. Therefore, they must seek out more of the same types of illegal housing. For this reason, eviction cannot possibly deter poor families from continuing to utilize subdivided housing and further perpetuates the problem of subdivided housing itself.

#### **4.1.7 Conclusion**

It is clear that the subdivided housing issue has not only been caused, but perpetuated by long-standing, failing government policies which in turn, have caused a major supply and demand imbalance. While the Hong Kong government has attempted to limit virgin land consumption and construction for new residential buildings, the prices of aging, existing structures have been allowed to inflate exponentially. Moreover, since permission to construct new buildings has not been steadily approved by Hong Kong's government, the public housing system as well has become deficient in meeting the needs of the lower class. In turn, as the price of housing has been allowed to skyrocket, low income families have been forced to resort to scrounging for housing in the cheapest, worst-equipped units: subdivided units. Without the ability to afford alternative housing, and with the severe lack of government funded public housing, tenants have been left with no choice but to endure shifty landlords who continue to exploit them by subdividing their buildings while cutting corners in the construction process, and thus endangering their lives.

Although the subdivided housing issue at its core stems from this supply and demand imbalance, without immediate action, this problem will only continue to spiral out of control.

The subdivided housing issue itself is self-sustaining in its current state, because without allowance for new construction, the city will have no choice but to continue subdividing buildings to house Hong Kong's growing population. Furthermore, without greater government regulation and attention to the subdividing process itself, corners will continue to be cut, and the practice of building "cage homes" will go on regardless of the dangers that tenants will be forced to endure. If there isn't swift and urgent intervention to amend this issue, more helpless citizens will continue to be killed in horrific accidents while the rest suffer in squalor.

## **4.2 Position of Hong Kong's Government on Subdivided Housing**

We conducted extensive archival research in order to assess Hong Kong's government's outlook on the problem of subdivided housing. By investigating government press releases along with media coverage, our team was able to establish the government's official position on the widespread subdivision of flats occurring in Hong Kong.

### **4.2.1 Government Response in the Past**

Over the past few years, various sections of Hong Kong's government have certainly acknowledged the problem of subdivided housing. For example, in a press release dated October 24, 2012, the Legislative Council's Secretary for Development, Paul Chan, gave a description of the different types of subdivided housing common in Hong Kong, including traditional subdivided flats, "cubicle homes," and "cage homes," and the dangers and hazards associated with each (Chan, 2012a). However, Chan noted that subdivided housing was not defined in the Buildings Ordinance, nor did any department relating to the issue have any records pertaining to the number of these types of residences in existence (Chan, 2012a).

Furthermore, no government department kept any kind of statistics regarding accidents or similar incidents related to the habitation of different types of subdivided housing (Chan, 2012b). According to the same press release, between 2007 and 2010, 228 removal orders were issued to subdivided households by the Buildings Department. The department vamped up its removal operation in April 2011, issuing 104 removal orders in 2011 and 295 in 2012. However, only 44 and 18 orders, in 2011 and 2012 respectively, had been complied with as of the date of the press release (Chan, 2012a). Since 2007, of the total 527 removal orders issued, 361 had not been complied with. In a second press release from the Secretary of Development on November 7, 2012, Chan claimed that non-compliance with these removal orders would be followed up on by the Buildings Department, and if obedience to each specific order did not occur by a specified date, violators could receive a maximum penalty of a HK\$200,000 fine and one year imprisonment (Chan, 2012b). Additionally, the Building Minor Works Amendment Regulation, requiring that building works related to the subdivision of residences be completed only by qualified contractors, went into effect on October 3, 2012 in an attempt to curb highly illegal, especially dangerous subdivided housing construction (Chan, 2012b).

Based on these two press releases from Hong Kong's Secretary for Development at the end of 2012, Hong Kong's government has been fully aware of the existence of subdivided housing issue and the hazards to tenants that accompany it since at least 2007. However, with no statistics evaluating the degree of the problem or the many accidents that have resulted from it, it is quite clear that the government has not been nearly proactive enough in the past. Despite the apparent increase in Buildings Department inspections of subdivided living spaces and the number of removal orders issued, it is easy to see that these actions have been mostly

ineffective. Many of these removal orders seem as if they are not often followed up on as well. Additionally, removal orders cannot truly help poor tenants who are unable to afford alternative housing.

#### **4.2.2 New Government, Heightened Concern**

The HKSAR's third Chief Executive, Leung Chun-Ying, was elected in March 2012, and took office in July of the same year. During his campaign, Leung spent a notable effort portraying Hong Kong's desperate need for a solution regarding Hong Kong's soaring housing prices. In his inaugural speech, he was adamant about Hong Kong housing reform, specifically mentioning additional public housing and affordable low-income flats ("New Hong Kong Chief," 2012). Leung gave his first annual policy address to Hong Kong's citizens on January 16, 2013, in which he discussed the housing situation; including aspects of subdivided housing that were pertinent to his administration. Leung promised that his administration had plans to "engage a research institution to assess the situation" (Leung, 2013). The new administration would break new ground following through on this promise and investigating the number of sub-divided units that exist. This suggests that there is, at the very least, more hope for improvement than before. The address made clear Leung and his administration's great concern for Hong Kong's housing predicament and its understanding that the problem "cannot be solved overnight" (Leung, 2013). However, he expressed the government's view that achieving success in regards to the issue will take serious time and commitment, and that a truly measurable solution to the problem may only be found in medium to long-term efforts, not immediately.

Leung noted specific problems and concerns regarding different types of subdivision, recognizing that "Cramped living space in "cage homes," "cubicle" apartments and sub-divided

flats [have] become the reluctant choice for tens of thousands of Hong Kong people” and that these residences were accompanied by problems such as “poor water supply, inadequate sewage facilities, poor ventilation and, in some cases, no natural light” (Leung, 2013). Leung has shown honesty regarding these plights, in contrast with past administrations’ reluctance to make public acknowledgments of such magnitude.

It is apparent that the new Chief Executive has a relatively clear view of Hong Kong’s struggle with subdivided housing. He went as far as to acquire a first-hand account of the issue by visiting a family living in an especially substandard flat. Leung recognizes the extent of the problem and the imminent dangers that subdivided living brings with it. This quote tells us that Leung and his administration are more concerned with subdivided housing’s plights than any previous administration.

The Chief Executive went into further detail on plans to attack the housing problem at its main source, stating that the government has “adequate funding, sophisticated technology and feasible plans for increasing land supply” (Leung 2013). Leung’s recognition of inadequate land supply as the fundamental reason for the housing market’s troubles represents a better government understanding for the problem than ever before.

Despite an increased level of recognition and understanding amongst the new administration, experts on the situation and Hong Kong’s residents remain wary. Mr. Paul Lai of the Platform Concerning Subdivided Flats and Relevant Issues feels that most of Leung’s statements regarding housing were said in order to “save face,” and significant improvements to the issue of subdivided housing are still highly unlikely for this new administration. Additionally, the public seemed to be unconvinced by the claims and statements Leung made in

his speech. Polls administered by the University of Hong Kong during the days immediately following the address showed a 15% increase in the public's dissatisfaction rate with Leung. The poll also found that nearly half of the respondents believed Leung's proposed measures to improve housing would prove ineffective (Ho & Lee, 2013). This high rate of dissatisfaction combined with negative opinions of housing experts strongly suggests that despite newfound government recognition of the subdivided housing issue, resolution is questionable at best.

#### **4.2.3 Conclusion**

It is evident that the subdivided housing issue has gained increasing government attention over the past few years. Despite clear government awareness to the issue, effective measures to curb the problem have yet to be seen. Since 2007, there exists significant evidence that Hong Kong's governing body has been well aware of the existence of traditional subdivided flats, "cubicle homes," and "cage homes." However, at no point has any government body attempted to quantify the existence, nor the imminent safety risks posed by them. Even after the government stepped up its issuance of removal orders to homes such as these, enforcement was less than adequate, to say the least. Past administrations made it quite obvious that subdivided housing was not a top-ranking concern, and therefore the problem has continued to exist without deterrence.

Despite past failures in decreasing flat subdivision, Hong Kong's newest Chief Executive, Leung Chun-Ying, and his administration have sworn to give the issue its highest priority. It is too early to evaluate the effectiveness of this prioritization, but the administration's extreme concern for the issue is certainly more promising than ever before. Leung's maiden policy address was highly focused on housing, specifically the improvement of living quality for Hong

Kong's poorest citizens. He made it clear that his simplest goal was to vastly increase efforts to curb subdivided housing from what they had been in the past. Rather than approaching the problem superficially, by forcing evictions of families living in dangerous subdivided housing, the new administration plans to attack the true source of the problem: residential land supply. On the other hand, the both the public and experts on subdivided housing remain unconvinced. There is widespread belief that the measures introduced to influence change in the housing market would remain ineffective. The government, under new leadership, fully realizes the amount of effort, persistence, and time it will take to make a significant dent in subdivided, low-quality living, however the opinions of the public and experts in the matter suggest that the government's new policies are unlikely to influence significant improvement.

### **4.3 The Hong Kong Public's Perspective of Subdivided Housing**

Our final research objective was to explore and analyze the public's perception of subdivided housing. By using information from interviews we conducted, and by analyzing previous studies, we were able to gain perspectives from different economic groups. After our analysis and interpretations, it is apparent that the citizens of Hong Kong see the state of subdivided housing as something that needs to be swiftly addressed.

#### **4.3.1 Upper and Middle Classes' Perspective**

As stated in section 3.2.2 of our methodology, we conducted a series of ten interviews with members of Hong Kong's upper classes in Central and Lan Kwai Fong. From these interviews, we ascertained that there was a general consensus among the upper and middle classes related to the issue of subdivided housing: although not entirely motivated to elicit

change through their own actions, the more fortunate classes do have an overall discontent for subdivided housing issue and want reform. These interviews are transcribed in Appendix F.

Of the ten people that we interviewed, nine of our participants displayed what we determined to be sufficient knowledge about the current housing situation. In essence, 90% of the data we collected from our interviews pertained to some aspect of the subdivided housing problem, ranging from issues with land supply and housing prices, to insufficient public housing and government actions.

Our team observed that eight of the ten total participants were knowledgeable about at least one of the various causes for the subdivided issue. Three out of ten participants mentioned the overall lack in supply of public housing and the lengthy waiting list associated with it. Also, we noted that half of our interviewees were aware of the overall shortage of supply in low-income housing available to Hong Kong's citizens. Interviewee 8 had the following to say about the supply and demand imbalance:

“I think there is definitely a lot of demand for it but not enough to supply. People have to wait a long time for public housing. For people that are still waiting and can't get any other housing, they have to resort to subdivided homes or living in industrial buildings or other areas that are not the best.” –Interviewee 8

There was not a collective display of understanding for every cause of subdivided housing from our interviewees. However, the overall consensus that each individual at least understood one part of the problem has yielded our conclusion that people of the middle and upper classes do, at least in part, recognize the causes for subdivided housing.



Along with understanding many of the fundamental causes for the housing issue, six participants pointed out discontent for various consequences of subdivided housing, including dirty and dangerous living conditions. Interviewee 5 specifically mentioned Mong Kok, an area extremely similar, as we noticed, to Sham Shui Po, where we tried to distribute our survey. The individual showed dissatisfaction with the safety issues that many low income housings had in the area, “especially in fires.” These statements reinforced our previous conclusion that there is at least an understanding for the problem, and overall displeasure with it.

Furthermore, one area that interviewees unanimously agreed upon was the need for greater government intervention. Several participants expressed the point of view that the government has not taken enough action to properly amend the situation. Moreover, many of the ideas offered as recommendations were directly applicable in our own recommendations, increased land allocation for residential construction for example. Interviewee 4 specifically condemned previous government actions as “very slow.” However, the participant also went on to suggest, that if the government were more genuine and effective in its policies to curb the issue, actual change could result. This statement in fact, aligns exactly with our own research that we detailed in chapter 4.2, as we too found that the government, although they have taken some action toward resolving the subdivided housing issue, has been relatively ineffective and needs to be more serious in its policies.

However, although the majority of our participants did display a wide range of knowledge concerning the housing issue, not all were well versed in the matter. Two of the interviewees displayed very little to no familiarity with the problem at hand. For our study however, this remains a useful point of data. The fact that some individuals lacked knowledge

about low-income housing leads us to believe that while there is a wide range of concern amongst the upper and middle classes for the plights of lower class tenants of subdivided housing, concern is wavering at best. Since 20% of our participants didn't know about the problem at all, there may not be an overall concern for the lower class by the middle and upper ones. As we gathered from our interview with the PCSHIHK analyzed in section 4.3.4, the upper classes' opinions may be more hopeful desires, rather than forceful demands backed by willingness to act. So, although on the surface they may seem caring, the reality may be less reassuring.

#### **4.3.2 Opinions of the Lower Class**

Following our initial plan to interview and survey the lower class, we attempted to elicit the opinions of individuals living in subdivided units. Although we were not able to meet our initial goals, as documented in the methods chapter of this report, we were successful with conducting five interviews with the lower class in public areas. These participants had similar opinions as the members of the upper class, but were more practical and realistic about a solution. These interviews are transcribed in Appendix H.

Our results from the interviews we conducted with the lower class yield some similarities to the results from the upper and middle class interviews. Like the higher classes, the lower class displayed an overall understanding for the some of the causes for the various problems with low income housing. Four out of five participants for example, spoke about the severe imbalance between the supply and demand for low income housing. Furthermore, although interviewee 1 did not mention supply and demand, they did talk about the lack in

overall supply and deficiencies with public housing; both issues we have determined to have fueled the overall subdivided housing problem.

Although the lower class had a competent understanding for the causes of subdivided housing issues, they did not have many suggestions to work towards solving the problem. In contrast with the upper class interviewees, who, nearly across the board, made recommendations, the lower classes' views were more realistic in their expectations of what can really be done about the problem. The lower class participants recognized the extent to which the government can practically intervene. Constructing apartment buildings for example, though seemingly viewed as a simple task by the upper class, physically takes a considerable amount of time, let alone money and government red tape, to build; simply demanding more housing won't yield results overnight. Figure 13 depicts some of the similar and contrasting views from the various classes we interviewed.

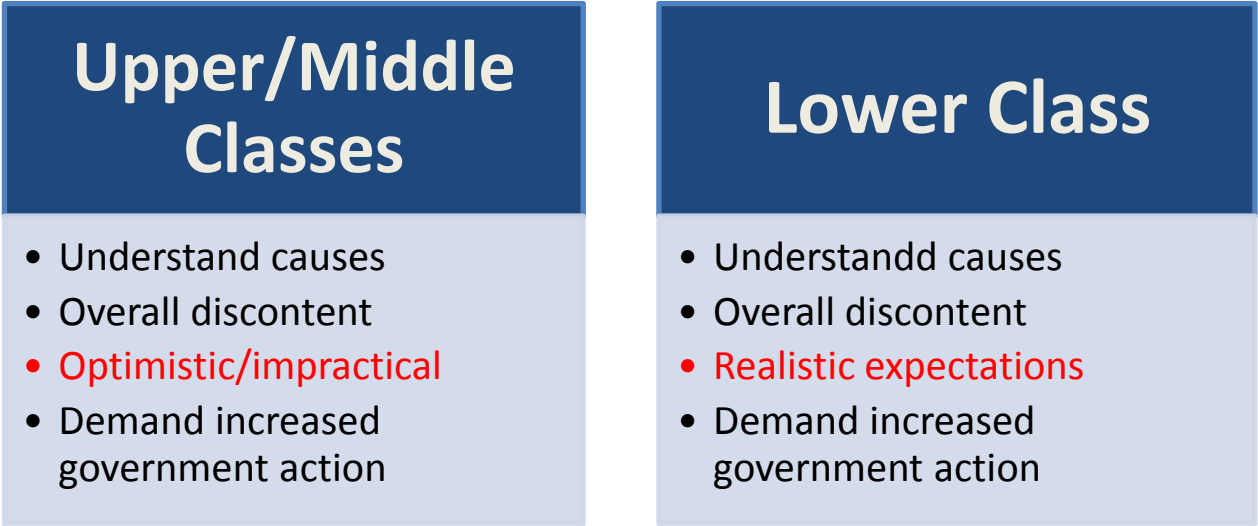


FIGURE 13: COMPARISONS BETWEEN OPINIONS OF THE UPPER/MIDDLE CLASSES AND THE LOWER CLASS

In addition to the five interviews we conducted with the members of the lower class, we were granted access to one subdivided flat and conducted an interview with the tenant living there. This interview gave us insight of the problems that are faced daily and how it affects the quality of life. Furthermore, although it was only one point of data, we were able to collect first-hand data on the opinions of a resident of a subdivided unit to complement the various opinions we observed in our background and archival research.

The tenant we interviewed, although her answers were not the most detailed, yielded useful opinions about various areas of subdivided living. First, the tenant expressed her overall unhappiness with the size of her unit. Furthermore, the resident's discontent for the size of the unit then carried over into an overall fear of lack in safety. The resident explained how they didn't possess an overall feeling of safety living in their unit. In the case of a fire in particular, the interviewee was not only fearful of the prospect of a fire, but had serious doubts about the legitimate possibility for a widespread evacuation of the building in the case of a blaze. Also, the resident explained that because of her family's household income, they did not have much of a choice but to live in their current unit. However, the resident did not have any knowledge or opinions regarding the overall lack of supply in public housing or suggestions to remedy their situation.

Although the opinions offered by our subject were not necessarily revolutionary, seeing as we have documented in our report the opinions of other tenants from previous interviews with near identical views, they were still useful. By adding our data to the global pool of information on subdivided units, the argument for swift reform of subdivided housing only becomes stronger. Furthermore, because our subject's opinions weren't new, they also serve as

points of validity when considering the perspective of tenants of subdivided housing on the whole, as they add to an overall consensus of unhappiness toward their situation. Last, our data from the interview confirms many of the consequences of subdivided housing that we established in our background.

### 4.3.3 Analysis of Survey Data

Due to the lack of participation with completing the survey we prepared, we analyzed a study performed by the Platform Concerning Subdivided Housing and Issues in Hong Kong. The study provided us with a wellspring of data concerning how tenants in subdivided apartments feel about different areas of the housing issue and allowed us to draw conclusions about them.

The first area of the study we noted was the general demographics of the participants. The study yielded 465 total participants, and response rates varied among each question. Of those who answered, 391 lived in a traditional subdivided unit, but all who responded lived in some form of subdivided unit (“cubicle home,” “coffin home,” etc.). The graph below depicts the distribution of participants’ types of living accommodations (Subdivided Flat Study Summary, 2012).

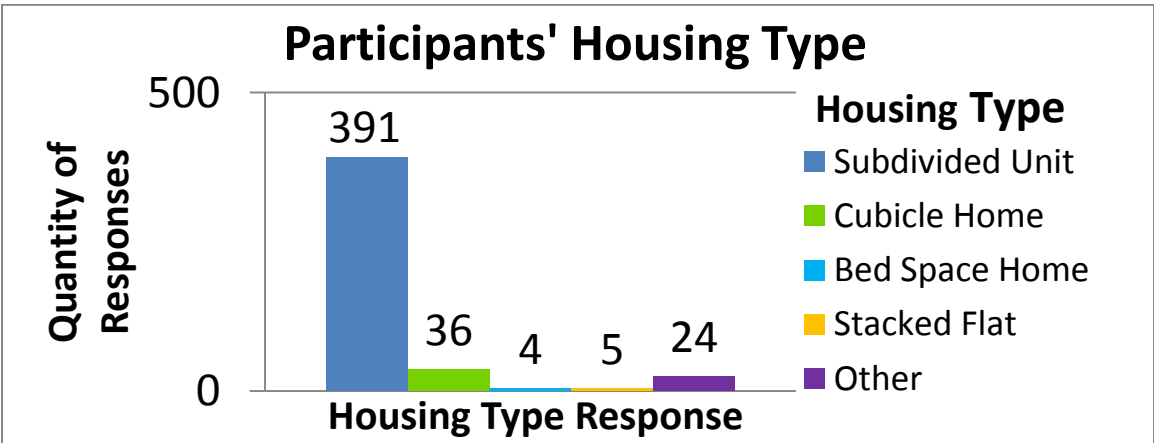
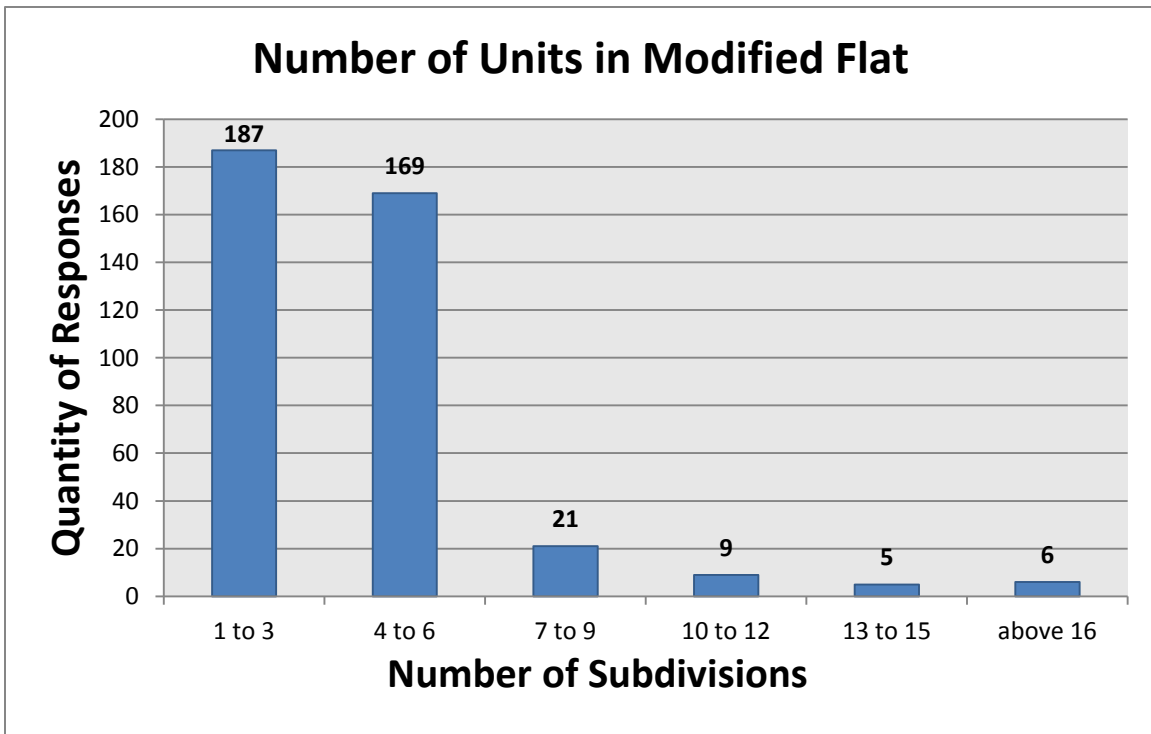


FIGURE 14: HOUSING TYPES OF TENANTS OF SUBDIVIDED HOUSING FROM PCSHIHK SURVEY.

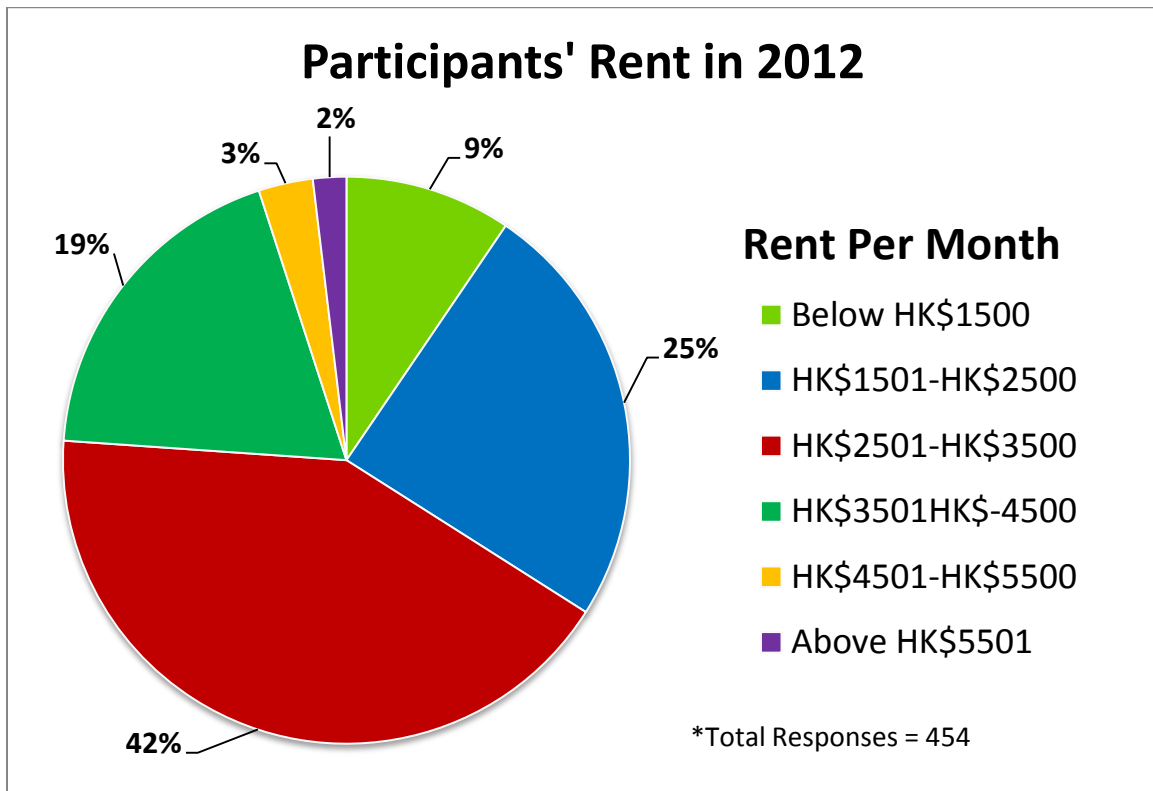
Furthermore, from those who answered that they lived in a traditional subdivided flat, participants were asked about how many flats were in their overall subdivided section. As you can see from the graph below, nearly 90% of residents' homes were made up of between one and six subdivided units. However, some residents live in units that have been subdivided into more than 16 units. If these statistics are applied across the board to all members of the subdivided housing community, it is no wonder various people who have been interviewed complain about minimal and cramped living conditions, including the individuals we interviewed (Subdivided Flat Study Summary, 2012).



**FIGURE 15: QUANTITY OF UNITS BUILT IN PCSHIHK STUDY PARTICIPANTS' SUBDIVIDED FLATS.**

Concerning the backgrounds of those who took part in the study, respondents had a mean monthly household income of HK\$10,486.30, nearly half of the 2012 OXFAM median monthly income for the entire city. Furthermore, the study asked participants about their

monthly rent, not including utilities, and yielded the results depicted in the graph below (Subdivided Flat Study Summary, 2012).



**FIGURE 16: PCSHIHK STUDY PARTICIPANTS' RENT PER MONTH.**

Of the 454 tenants who responded, approximately 42% answered that their monthly rent cost between HK\$2501 and HK\$3500. When considering the added costs of utilities, merely the costs of renting and living in a subdivided unit take up nearly half of residents' incomes. However, once we considered participant's education levels (shown below), the reason participants' income levels were so far below the median may be because only a quarter of participant's had an education level above high school, with nearly 21% only having a primary school education, which would severely limit their work opportunities. This would also make earning enough money to live in a non-subdivided unit very difficult, as the jobs available to

them likely don't pay the necessary salaries to afford one (Subdivided Flat Study Summary, 2012).

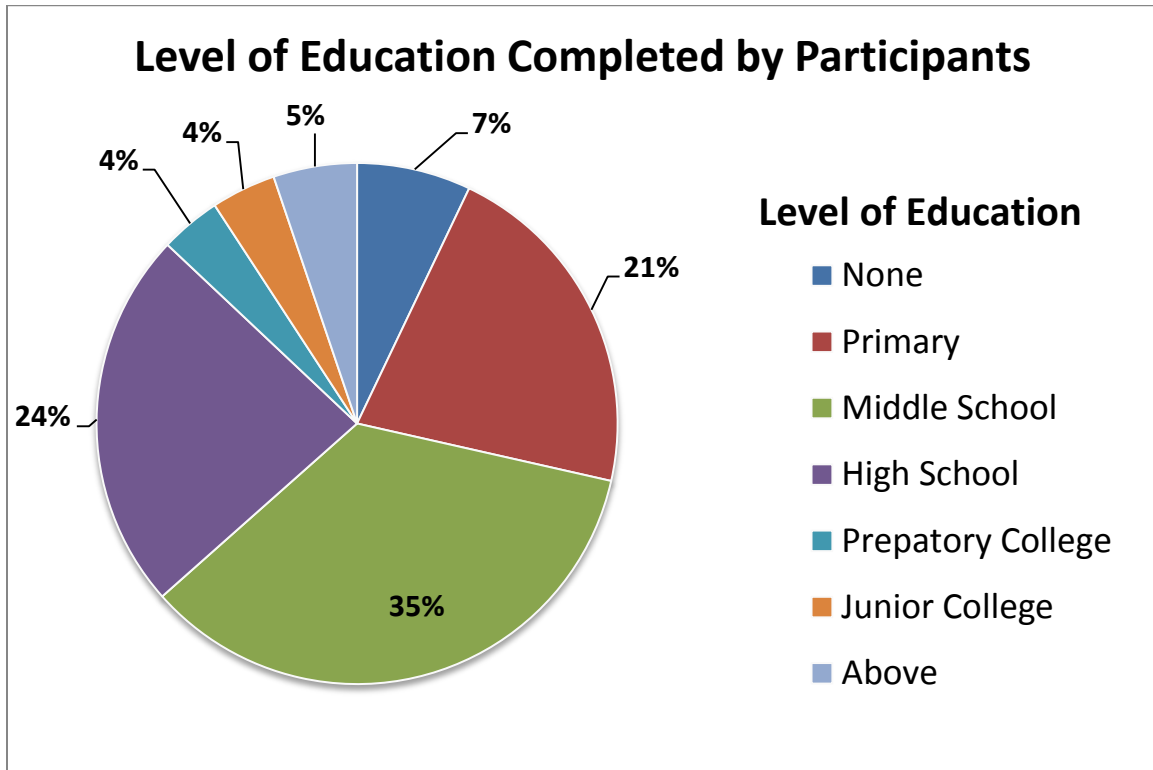


FIGURE 17: EDUCATION LEVELS OF PCSHIHK STUDY PARTICIPANTS.

However, we were also able to draw conclusions based upon participants' answers about the conditions of their homes. The survey for example, asked participants to describe whether or not their unit suffered from various problems and the frequency of those problems. In particular, the study asked about noise levels, crumbling of walls and concrete, leakage of pipes, and poor ventilation. Of the responses, the most notable were in the sections concerned with ventilation and noise; 68.8% and 77.2% of participants reported at least having problems with the levels of noise and ventilation, respectively. Even more notable was the fact that 25% of those who responded claimed constant insufficiencies in ventilation. Again, these responses quantitatively reinforce and confirm the opinions and complaints we noted against subdivided



housing. The graph below shows the distribution of responses regarding participants' ventilation problems (Subdivided Flat Study Summary, 2012).

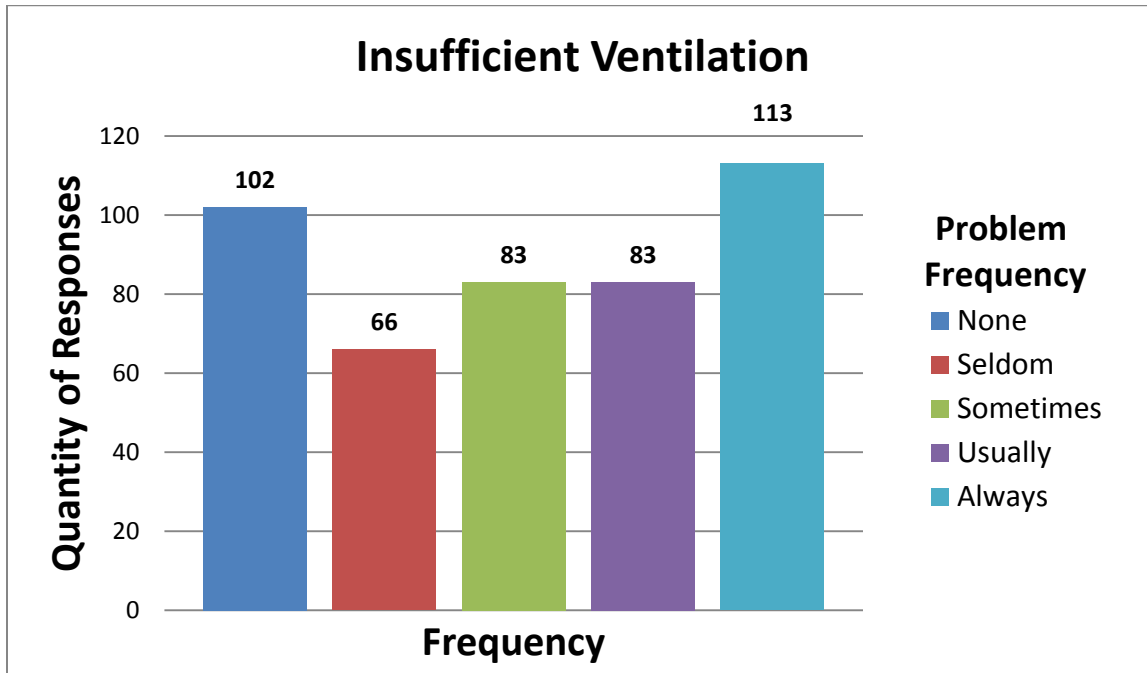


FIGURE 18: FREQUENCY OF INSUFFICIENT VENTILATION IN PCSHIHK STUDY PARTICIPANTS' FLATS.

Finally, we looked at the survey responses concerning potential reform policies to see how individuals living in subdivided units felt about the effectiveness of possible reforms. This saved us time in our recommendation formulation, as we avoided writing policies in areas residents didn't feel would be effective. The most notable responses participants gave concerned public housing; an area that we have documented not only as insufficient in its current state, but also as a factor contributing to the subdivided housing problem as whole. We saw that in particular, 360 residents, or 84.71% of the response pool, agreed with a plan to construct more public housing. This recommendation, as well as the two also depicted in the graph below, impacted our personal recommendations to help resolve the subdivided housing problem (Subdivided Flat Study Summary, 2012).

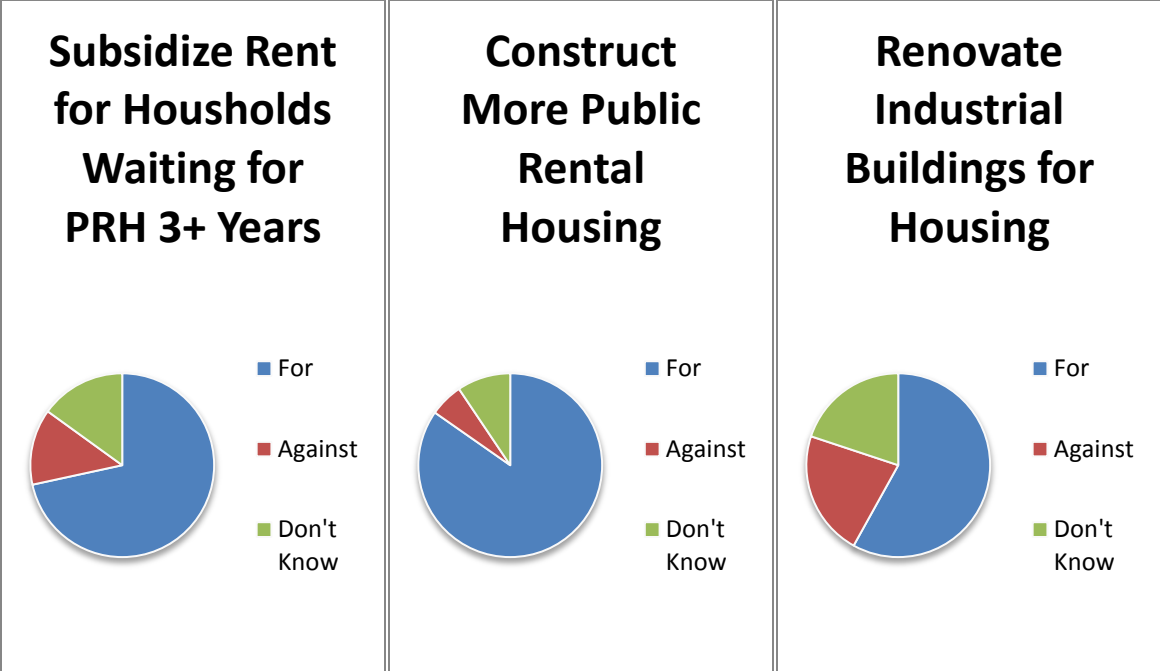


FIGURE 19: PCSHIHK STUDY PARTICIPANTS’ OPINIONS ON EFFECTIVENESS OF VARIOUS REFORM MEASURES.

**4.3.4 Perspectives of the Mr. Paul Kwok Lai and the PCSHIHK**

Our team yielded a tremendous amount of data from our interview with Mr. Paul Kwok Lai regarding the perspectives of both himself and the Platform Concerning Subdivided Housing and Issues in Hong Kong on the subdivided housing issue. We learned not only about the intentions and motivations of the PCSHIHK, but also Mr. Lai’s views on a wide variety of topics concerning subdivided housing. These views also played into our overall conclusions of the public on the subdivided housing issue.

The PCSHIHK was founded in March of 2012 as an alliance of various members of the Hong Kong community in order to inform the masses about subdivided housing, and place pressure on the Hong Kong government to reform the issue. The group consists of members of academia, social workers, and other members of the community that work with different aspects of the housing problem. However, as Mr. Lai mentioned to us, although less than a year

old, the PCSHIHK has been constantly involved in the issue of subdivided housing; holding protests, organizing educational activities, and performing studies.

Along with trying to educate people about subdivided housing, the PCSHIHK also serves as a voice for the lower class. Mr. Lai explained that the lower class, particularly residents of subdivided units, face difficulty in having their plights heard, especially by the government. He described how because these individuals are generally poor, they do not have time to miss work to protest, demonstrate, and ultimately have their opinions voiced because they need the money from working to support themselves. Furthermore, with no voice for the lower class, the middle and upper classes' voices become the voice of the mainstream public which is the only voice heard by the government. Mr. Lai felt that the mainstream public doesn't express any sort of opinion on the subdivided housing issue when the government isn't taking any action. However, when an accident occurs, then the mainstream public gets on board with calling for change and condemning government inaction. Yet, Mr. Lai continued to say that ultimately, because these individuals are not directly affected by the issue, it is not truly of their concern and therefore aren't willing to put the necessary pressure on the government to elicit effective action. Therefore, the PCSHIHK serves to put this required pressure on the government by demonstrating and collecting data on the issue in the name of the thousands of voices who cannot be heard.

Mr. Lai pointed out that subdivided housing is an issue that the Hong Kong government "needs to face and needs to tackle." The PCSHIHK feels that whether or not a subdivided unit is illegal is of no importance. Conversely, the PCSHIHK's overall concern is with the fact that "for such a wealthy place," it is unbelievable that individuals have no choice but to live in conditions

that Mr. Lai described as being saturated with safety hazards. Furthermore, the PCSHIHK also believes that the consequences of subdivided housing have many implications in the future. Mr. Lai mentioned that subdivided housing may severely impact the development and growth of children being raised in such awful conditions. He explained how some children from subdivided units cannot make a distinction between a bed being a mat on the floor and mattress with a frame and legs, signifying an overall misinterpretation and understanding of the realities of life itself.

Mr. Lai also spoke about his opinions concerning the Hong Kong government. He described how he believes the Hong Kong government either does not know what to do about the subdivided housing problem, or knows how to solve the problem and does not have the courage to enact the necessary policies. Furthermore, Lai went onto state how he feels that although Chief Executive Leung in his recent address may have claimed housing to be his administration's top priority, that such a statement is likely only a "show of face." Mr. Lai spoke about how Leung didn't offer any concrete plans to actually solve the problem, merely that he has recognized the issue. Moreover, Lai went on to say that the government should implement plans immediately, because any kind of reform plan put into action will have better results than waiting for years of research to be done to then implement policies.

The PCSHIHK, like our team, also has formulated recommendations to help alleviate the issues related to subdivided housing. Mr. Lai's group primarily recommends increases in construction of Public Rental Housing. The PCSHIHK has recognized the overall deficiencies of the public housing system and the major lack in supply to meet the needs of the masses that need aid. By increasing the public housing supply, they PCSHIHK feels that residents of

subdivided housing, who they see likely qualify for public housing, can move into subsidized accommodations and out of their current conditions. To facilitate short term reform, the PCSHIHK also recommends the renovation and construction of transitional housing flats in industrial buildings and disused government structures. Furthermore, they believe that because there is an abundance of these types of structures, they can be renovated to acceptable standards of living, and give citizens a cheap alternative to subdivided housing while the overall supply of public housing is increased. Though the PCSHIHK has issued various other recommendations, we have found that these two will apply most in our own recommendations.

It is important to note that many of the views the PCSHIHK may be biased. However, the PCSHIHK did display a comprehensive knowledge based on facts. For example, the PCSHIHK and Mr. Lai presented a thorough understanding of the causes for subdivided housing. Lai stated that the problem can be derived from both a shortage in public housing and residential supply as a whole, which agrees with our conclusion. Lai described many of the various consequences of subdivided housing like poor ventilation, absence of fire safety precautions, and claustrophobic living conditions that were documented by our own research. So although we had to be cautious when applying Mr. Lai's and the PCSHIHK's opinions, we were able to validate many of the facts they used as the grounds for their arguments.

#### **4.3.5 Observational Evidence**

In our search of Tai Kok Tsui, Mong Kok, and Sham Shui Po for subdivided housing units, we were able to gather a significant amount of observational information regarding the conditions of such living spaces.

First, before entering such buildings, we witnessed the state of the surrounding property itself. Many of the alleyways surrounding these buildings were extremely filthy, often containing excessive amounts of garbage, rotting debris, and human excrement. Upon entering many of these buildings, we were immediately able to see makeshift piping and exposed electrical wiring. Several buildings that did not contain an elevator had narrow, crumbling, filthy stairwells, crowded with refuse and rat poison which posed obvious safety risks. In fact, most of these stairwells were not even lit, making it difficult to see, even during the daytime.



**FIGURE 20: AN EXAMPLE OF DANGEROUS ELECTRICAL WIRING NOTICED BY OUR TEAM IN A SUBDIVIDED BUILDING.**

Finding subdivided units was a truly difficult task for our team. We were required to elicit help from pedestrians in low-income areas in order to locate buildings containing such residences. In many cases, these passersby were highly reluctant to divulge these locations. “Coffin homes” and “cage homes” in particular, were strictly impossible for our team to find. Additionally, when searching for subdivided units, we found that these residences did not actually turn out to be 100% subdivided. In contrast, many buildings only subdivide particular

floors, and in some cases, only particular units on a single floor. Furthermore, the elevators in these buildings (when they existed) rarely provided access to such floors, making it extremely difficult to locate them. In many cases, we had to ask other building residents specifically which floors contained subdivided units. This in turn made locating subdivided units a challenging and time consuming process. Although subdivided units were blatantly prevalent in many of the areas we investigated, we realized that finding enough residents to reach our intended response rates for our survey and interviews would have been extremely difficult.

Besides the overall difficulty our team had locating subdivided units, our troubles did not end even after we found one. All of the low-income apartments we explored utilized a two door system: a metal cage door would encase a second wooden or metal door beyond it before leading into units, as pictured below.



**FIGURE 21: AN EXAMPLE OF A CAGE DOOR LEADING TO A BLOCK OF SUBDIVIDED UNITS.**

For subdivided units however, the second doors which led to the units were located far beyond the reach of the initial cage door. Also, because most of the doorbells we rang that

belonged to these encased subdivided units were not properly functioning, we could not actually reach many of these units and were not able to get the attention of the residents inside. Moreover, when we were able to gain access beyond the initial cage door, many of the residents living in the subdivided units within immediately slammed their doors at first glance of our research team, and refused to answer for either a survey or an interview. After a full day attempting to distribute our survey, examining over 50 buildings in Tai Kok Tsui and Sham Shui Po, we were not able to distribute a single one.

In the case of our interview with a subdivided tenant, the unit was in a subdivided section of a building in Tai Kok Tsui. The unit was part of a seven-unit complex created from the subdivision of a single apartment. To gain access to our participant's living space, we first had to bypass an outer cage door, which led to a narrow hallway where the various subdivided units branched off from. Towards the end of the corridor, we were led into our subject's unit; a modest, makeshift apartment room comprised of an estimated 15 square meters. The apartment contained one tiny bedroom, a makeshift kitchenette, and a bathroom barely big enough for a toilet. The unit itself was home to our subject and one child who shared the only bed. With our group also inside the unit, there was insufficient space for movement. All of the residents' belongings were piled up on makeshift racks on the walls; space was extremely valuable. On the following page, we have provided an interpretation of the unit's floor plan, and photographs taken inside the apartment.





**FIGURE 22: FLOOR PLAN WITH ESTIMATED FLOOR SPACE AREAS OF OUR SUBDIVIDED HOUSING INTERVIEWEE'S HOME. NOTE: DRAWING NOT TO SCALE**

[23]



**FIGURE 23 (LEFT): OUR INTERVIEWEE'S BATHROOM FROM A SUBDIVIDED UNIT.**

[24]



**FIGURE 24 (RIGHT): OUR INTERVIEWEE'S BEDROOM FROM A SUBDIVIDED UNIT.**

From our observations, we were able to confirm the opinions portrayed by the study we examined and the interviews we conducted. First, we gained first-hand evidence of the dilapidated conditions commonly referred to by the locals we interviewed. Additionally, the difficulties we experienced locating subdivided units, along with locals' reluctance to point

them out to us, led us to conclude that such residences were purposely well-hidden. This may indicate the illegality of many of these units, as well as the difficulties poor locals may experience when searching for a place to live. Furthermore, we also concluded that the secretive nature locals had regarding these units may stem from an overall fear that individuals found living in subdivided units will be evicted by the government. From our observations of the inside of a subdivided unit, we were able to confirm many of the complaints reported in our interviews regarding the claustrophobic, suffocating conditions of such living spaces. We not only are able justify locals' complaints, but we also wholeheartedly agree with their demands for change in low-income living.

#### **4.3.6 Conclusion**

We have noticed through our research a spectrum of perspectives from the public on subdivided housing. The upper and middle classes showed us a general understanding of the subdivided housing issue. They recognized some of the causes, like lack of supply in the housing market and public housing. Furthermore, they at least stated that they desired the issue be addressed through government action. However, as we gathered from the PCSHIHK and Mr. Lai, although they may represent the "mainstream public's" opinion, their desires may lack in actual urgency. Though in our interviews participants may have seemed concerned for the wellbeing of the lower class, the gravity of their discontent may not truly be significant enough to influence the government to actually take meaningful action.

The lower class on the other hand, offered realistic expectations and views of the issue. Although, like the higher classes, the lower class understood some of the causes for subdivided housing, they know that the problem will not be solved overnight. Where the upper classes'

recommendations may be viewed as optimistic and hopeful at best, the lower class understood that any government action taken will take years to truly have an impact on the problem. Moreover, the subdivided tenant we interviewed showed absolute disdain for conditions that her family must live with on a daily basis. However, neither our interviewee from the subdivided unit or any of our participants from the lower class offered any concrete recommendations to resolve the issue.

Finally, the Platform Concerning Subdivided Housing and Issues in Hong Kong signifies what may be the beginning of an overall awakening to the subdivided housing issue. Although the lower class may not be able to have their voices heard through their own actions, the PCSHIHK has committed itself to ensuring that the views of the lower class don't go overlooked. The PCSHIHK is committed to seeing change in subdivided housing, playing a part in the Hong Kong community as an activist group for the tenants of subdivided units, and completing research to sway the government into enacting swift, meaningful reform.

## 5.0 Conclusions

Based on our research, we have concluded that the subdivided housing issue has been ultimately caused by a series of supply and demand imbalances. While the government has been reluctant to release land for residential construction, housing prices have been climbing to the point where the poor cannot afford reasonable accommodations. Public housing is lack in supply, and households are forced to wait years. As a result, landlords subdivide their buildings, sometimes without any regard for safety or sanitation, to profit from the growing demand for affordable housing. Finally, households who still cannot afford these subdivided units have resorted to living in uninhabitable and commonly illegal “cage homes” and “cubicle homes,” where the quality of life is far below what should be the acceptable limit.

Regardless of the lack in government documented statistics, the subdivided housing issue impacts the lives of many Hong Kong citizens on a daily basis. Although the government is slowly becoming more aware and recognizing the extent of the subdivided housing issue, it has still lacked in its overall efforts to curb the problem. Even though promises of reform and legislation were made in Chief Executive Leung’s Annual Address, the government must back up these claims with legitimate action. The government needs to commit its resources, draft policy reform, and enforce legislation to tackle the issue.

Although it will take government legislation to begin the reform process, there must be widespread and insistent demand on the entire public’s behalf to evoke government action. We found that there is a general consensus of discontent for subdivided housing among the various classes of the public. However, while there may be disapproval for subdivided housing’s consequences and the overall inaction of the government to stop the problem, there is not a

high enough overall insistence to demand change. The lower class did show that they had realistic expectations for reform, stating that it will take years for the problem to slowly be resolved. However, the lower class is having difficulty being heard as our team's interviews with the public and Mr. Lai have concluded. Fortunately, non-government organizations like the Platform Concerning Subdivided Housing and Issues of Hong Kong are formed to voice the opinions of the lower class. Yet, the middle class, whose voice represents the mainstream public according to Mr. Lai, has yet to show the urgency that would truly invoke a government reaction.

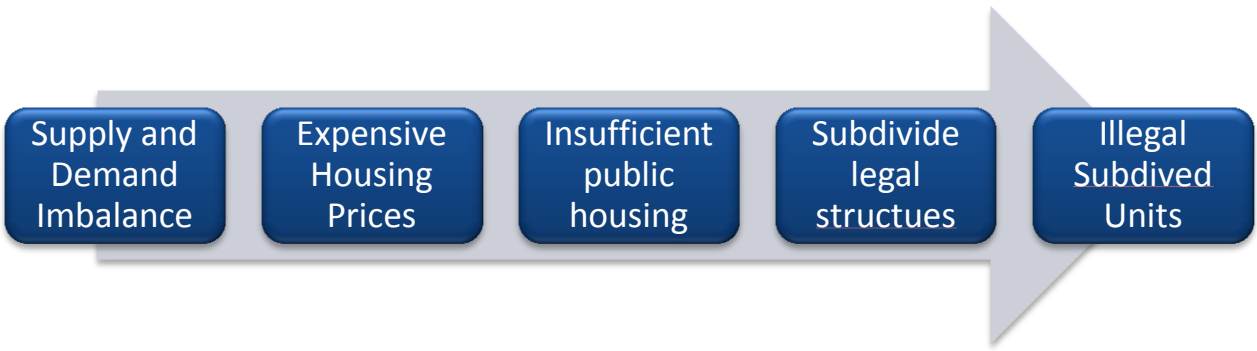
At the moment, the supply and demand imbalances of residential construction and public housing will be prolonged without legislation, the government isn't showing the efforts necessary to resolve the issue, and the public as a whole is not insistent enough to solicit action. Based on our results and conclusions, we have formatted a set of recommendations to effectively address the subdivided housing issue.

## **6.0 Recommendations**

Housing on its own is one of Hong Kong's foremost topics for debate because of the numerous issues citizens currently face as a result of its shortcomings. The final goal of our project was to supply Hong Kong's policymakers with a set of recommendations that can help curb the negative effects of its subdivided housing issue and initiate reform. Through our various research methods, we have established several key areas in which if change is instituted, there in turn may be many positive effects for the many families and individuals affected by subdivided housing. Both short and long-term suggestions have been proposed.

### **6.1 Increase Land Availability for Residential Construction**

While analyzing our data, it became evident that many of Hong Kong's housing problems, including those that stem from subdivided housing pertain to a common source: an imbalance between the supply and demand for housing. When considering this imbalance, we refer to the lack of availability in regards to affordable, legal housing versus the inherent demand for residential accommodations by Hong Kong's citizens. Currently, we have established that because Hong Kong has been limited by government legislation in the quantity of land available for residential construction, numerous consequences have emerged such as astronomical housing prices, and the need to build subdivided units. In fact, subdivided units themselves are the result of a chain of consequences caused by this lack of available space as illustrated in the diagram on the following page.



**FIGURE 25: PROGRESSION OF CAUSES FOR THE SUBDIVDED HOUSING PROBLEM**

As a result, our team first recommends a long-term plan for Hong Kong's government to make more land readily available for residential construction purposes. Considering both sustainability and realistic potential for success, our group has determined that by allotting more land for construction, the city of Hong Kong may not only see the curbing of its subdivided housing issues, but improvements for its housing market as a whole and even new economic opportunities for the city and its citizens.

By allocating more land for residential construction, we see that on a long-term scale, the need for subdivided housing may become minimal and possibly unnecessary. If more land were to be made available for residential development by the government, new, sustainable, high-rise apartment buildings could be constructed, creating thousands of new living units unaffected by the aging, unhealthy conditions that many of the city's current structures ail from. Moreover, new land would give construction teams the ability to build more modern and greener structures than those currently in existence. While being free from dangerous construction materials like lead paint and asbestos and utilizing sustainable building techniques and materials, new apartment complexes could also take advantage of contemporary space efficient designs to maximize the quantity of new units available as well.

### **6.1.1 Benefits of Increased Residential Land Allocation**

As a result of increased available housing, the current imbalance between the supply and demand for residential living could be reversed; lowering the overall cost of housing upsurges supply as the quantity of available units increases. In turn, with prices for housing on the decline, low-income families which were previously only able to afford subdivided units would potentially be able to afford higher quality accommodations. If the amount of housing available were to then reach a point where the supply approached, and eventually outweighed, the demand through further residential construction, the need for subdivided units as a whole could disappear, and prices for undivided units could then become affordable even for families of lower pay grades, although this is extremely optimistic.

Another potential benefit the city could see if more land were to be made available is that the government itself could then have more space to build cheap public housing. From a more realistic viewpoint, it may not be possible to decrease overall housing prices in the city to the point where all low-income families would be able afford private housing. However, the government could also take advantage of fresh residential land by constructing new public housing buildings for the lower class to take advantage of. Hong Kong's public housing system is currently floundering at best, with a waiting list that leaves some families queuing for as long as five years. With increased availability for residential construction however, the city could then erect new public units and reduce or eliminate its current supply shortage. Again, with more available units, particularly publicly subsidized ones, individuals on the waiting list for public housing (who commonly live in subdivided units in the interim) could finally move out of subdivided units into more suitable conditions.



However, increasing construction land could have implications for more than just the housing market. Hong Kong's economy could also reap the benefits of new residential construction. As Hong Kong developed vertically rather than horizontally as an urban landscape, many of the city's business centers, whether they be simple meat and vegetable markets or full-fledged, multi-story malls, developed on the lower levels of residential complexes. With new residential buildings would come the need for food markets, clothing stores, banks and the like. Moreover, these new residential buildings would bring with them the potential for business expansion into virgin areas, as more malls and shops could be constructed on the lower floors of buildings as is already a popular practice in Hong Kong. This in itself would bring with it hundreds of potential jobs which could further decrease Hong Kong's already low unemployment rates. In addition, increased space for businesses could also open the doors for fledgling entrepreneurial ventures which could further fuel Hong Kong's economy.

One major area that would seriously benefit from an increase in land availability would be construction companies and their various stakeholders. Obviously, to build new residential buildings requires not only construction workers to erect the buildings themselves, but also architects, foremen, realtors, and natural resources, among other things. With so many stakeholders for the construction of a single building, there in turn would be a greater demand for workers in these areas to facilitate construction which means more jobs as a whole. Besides the inherent financial benefits for construction companies building new residential spaces on virgin land, these companies could also begin to renovate the many outdated structures currently in existence. Rather than tear down present structures, which would not only displace hundreds of people but disrupt the many businesses and cultural identities which exist in many

of these neighborhoods, contractors could update these structures and mend the multiple hazards we discovered through our research.

### **6.1.2 Potential Drawbacks of Increased Land Allocation**

However, our recommendation has been scrutinized with warnings by other parties previously. One area of concern that has been addressed by current Chief Executive Leung would be for a potential crash of Hong Kong's housing market and economy as a whole if housing prices were to drop too low in response to increases in supply (Cheung & Ho, 213). Although this is a very legitimate concern, in contrast, we feel that if this plan were to be executed properly, such a problem can be avoided. Based on the actual quantity of housing needed to move citizens out of illegal and subdivided units, a fixed rate of land could be allotted allowing for the construction for only what is needed in the housing market, not a surplus. This could in turn, help keep the housing market afloat while conversely lowering the overall costs of housing.

Finally, care must be taken in the overall process of land allocation and construction in order to avoid severe negative impacts on the environment. As was pointed out by Interviewee 2 from our lower class interviews, increases in development of virgin soil could potentially disrupt and destroy some of the unique and irreplaceable natural landscapes Hong Kong possess. Although nearly 75% of Hong Kong's land is undeveloped as we have previously mentioned, allowing it to be completely leveled to support the housing market is unacceptable. Evidently, allocation of more land for residential construction would require virgin land to be sacrificed. However, with careful planning, destruction of Hong Kong's natural beauty can be

minimized by being selective of areas for construction and by deliberately calculating the minimal area required to construct appropriate amounts of housing.

It is clear that if the government were to open up new land for development, Hong Kong could reap benefits on many different levels. If new units, both public and private were to be constructed, the need for subdivided units as a whole could become a thing of the past. However, our team understands that such a plan would be a long-term resurrection to Hong Kong's housing problems, especially for subdivided living. Although we feel that ultimately such a plan does have the greatest potential benefits for the city, it would take years to construct the proposed residential buildings, not to mention the roads and other mere transportation routes to get to these new areas. Consequently, our team has also developed several short-term recommendations which can potentially help slow and resolve some of the many subdivided housing related issues we have discovered.

## **6.2 Expand and Accelerate Public Rental Housing Construction Plans**

In its current state, Hong Kong's public housing system is failing to meet the needs and expectations on those who rely on it. There are currently 189,500 families remaining on a 2.6 year waiting list to be moved into public housing (Information Services Department, 2012). Furthermore, many of these families will likely end up waiting longer than the given average, as some families in previous cases have waited as long as fifteen years to be granted access. Moreover, the supply of public housing units does not nearly meet the high demand for them. With plans to only build on average 15,000 units per year over the upcoming 5 years, over 100,000 would still be left without accessible public housing, assuming that no other families applied. Worse still, we found from our analysis of the study completed by the Platform

Concerning Subdivided Housing and Issues of Hong Kong, the average incomes of tenants of subdivided housing are well below the Hong Kong mean income, which we concluded means that the majority of households living in subdivided units likely qualify for public housing from a financial standpoint. Yet, although many tenants of subdivided housing likely qualify financially for public housing, there still isn't a sufficient supply of accommodations to facilitate moving them out of their units. These problems with the public housing system have led many families to continue living in the numerous subdivided units and "coffin homes" around the city, bolstering and prolonging the overall subdivided housing issue.

### **6.2.1 Increase Public Housing Construction**

In order to help alleviate the demand for public housing, as well as facilitate moving tenants of subdivided units into public rental housing system, we recommend both an overall increase in plans for public rental housing construction, as well as expediting all current plans. Before any further construction can be planned, it must be noted that the government must first be willing to allocate the actual land necessary to build upon. Once agreed upon however, we recommend that the government plan widespread construction of public rental housing buildings. With an overall increase in supply, the growing demand for public housing can be addressed, moving families off the waiting list into new public units. Furthermore, an increase in the overall supply of public housing would create a greater opportunity for residents of subdivided units to apply for better accommodations. Ultimately, this can ease the overall demand and need for subdivided housing by the financially challenged.

### **6.2.2 Expedite Current Public Housing Construction Plans**

Second, we recommend that all current plans to construct public housing be expedited. Although we do not want to see a sacrifice in building quality in order to construct units quicker, it is important in terms of meeting the high demand for public housing that units be built as quickly as possible. At the time being, there remain nearly 200,000 families waiting to receive public housing (Information Services Department, 2012). Yet, there are only plans to build approximately 15,000 per year over the course of the next five years. Evidently, there must be plans put into action to construct a greater quantity of public housing units overall (Information Services Department, 2012). However, by accelerating construction plans that have already been approved, the expected 67,000 new units could potentially be constructed in one to two years rather than five, leaving room for increased construction over the long-term (Information Services Department, 2012). Once again, increasing the overall supply of public rental housing can give residents of subdivided housing a greater opportunity to attain a better home.

### **6.2.3 Emphasize Public Rental Housing Marketability**

One overall recommendation our team suggests for the public housing system is greater attention to the marketability of public housing units. We discovered in our research, that some families choose not to apply for public housing because they simply aren't realistic. Some public rental housing buildings are constructed far away from district centers, MTR stations, jobs, and schools. Consequently, some potential applicants choose not to bother waiting for public housing because they do not feel that compromising the convenient location of their current residence is worth a better equipped accommodation. We then recommend a greater attention

to detail when planning construction of public housing buildings; subdivided units should not be more attractive than public housing. Although meeting demand with a greater supply of housing is ultimately the most important as far as reforming the public housing system, new buildings must still be within reasonable proximity to local facilities if people are to ultimately apply for them.

#### **6.2.4 Build Interim Public Housing**

We understand that recommending an overall increase in public housing construction is a lengthy process. Buildings do require several years to erect, which can stagnate the overall output of production and aid during the process. In turn, our team recommends the renovation of abandoned warehouses, industrial buildings, and disused government facilities like police stations and schools for use as interim housing for families on the public housing waiting list. As we have previously discussed, industrial buildings are commonly used to accommodate makeshift residencies like “cage” and “cubicle homes.” These facilities are not constructed with feasible habitability in mind, and result in horrible overall living conditions. However, if the government were to construct regulated and habitable units inside such structures, members of the public housing waiting list could be moved into livable units with competently built facilities and safe living conditions while they wait for traditional public housing. This practice would also be advantageous because it wouldn’t require the actual construction of new buildings, but rather only the renovation of ones already standing. Consequently, renovations would take considerably less time than the overall erection of a new building, meaning tenants of subdivided housing on the public housing waiting list could be moved into safer, government regulated accommodations.

### **6.3 Reform Public Rental Housing Policies**

It is apparent that the bigger issue at hand for public housing is a lack in supply to meet an overwhelming demand. However, without a long-term land availability plan as we previously outlined, there currently is not enough space to build the required amount of housing to accommodate all of those in need . Therefore, we suggest the Hong Kong government review and reform its current public housing system as it stands.

#### **6.3.1 Utilize a Case-by-Case Eligibility System for Public Housing**

We discovered one startling fact in Chapter 4.1: some families are not willing to accept proposed pay raises in cases where this would put their household income above the limit for public housing qualification. However, although their income may have increased, it does not mean that these families are suddenly able to afford either ownership or rental of a unit with better accommodations than subdivided ones. We in turn recommend public housing reform to allow for greater flexibility in public housing eligibility standards. Specifically, the Hong Kong Housing Authority should implement a case-by-case appeals policy to determine eligibility for public housing.

We feel it is important for the mental health and overall quality of life for Hong Kong's lower class to be able to willingly accept higher rates of pay to better their lives without having to worry about losing eligibility for public housing. Currently, if an individual whose family is on the public housing waiting list and is living in a subdivided unit is offered a raise that will disqualify their family for public housing, they may be inclined to refuse the raise. Even if a raise would cause a family's income to exceed the maximum income limit (as determined by family size, household income per month, and total net-asset value) by HK\$1, the household would

then be ineligible for public housing, regardless if the family truly needs it (Lok-Sang, 2011b). This situation only perpetuates the subdivided housing problem, as it forces some families to live below their potential means and continue to live in subdivided units while they endure the lengthy wait for public housing.

In reaction to this deficiency, we suggest the Hong Kong Housing Authority also consider household's eligibility for public housing on a case-by-case basis when necessary. For families who may on paper be ineligible because of their income for example (although other factors of eligibility should also be considered), the Housing Authority should permit an appeal for eligibility, which would allow the Housing Authority to determine whether or not a family is in true need of public rental housing. As was explained by Mr. Lai in our interview, some individuals with the means to afford a non-subdivided unit deliberately choose to live in subdivided for some of their convenient proximities to jobs, markets, and other desirable factors. These individuals, because they have intentionally chosen to live in subdivided units although they can afford not to, would in turn fail an appeal for public housing. Conversely, a large family living in a "cubicle home" whose income slightly exceeds the overall eligibility rate could, as the result of an appeal, be granted a spot on the waiting list as they cannot legitimately afford to live in a more desirable accommodation.

Such a case-by-case appeals process would allow families living in subdivided units who do not qualify for public housing to be granted access to the system. As a result, the overall dependency on subdivided units can be decreased, alleviating the demand for subdivided units from the families currently ineligible for public housing that can't manage to live anywhere else.



### **6.3.2 Subsidize Rent for Waiting List Members**

An immediately implementable recommendation our team advocates, inspired by a recommendation developed by the Platform Concerning Subdivided Housing and Issues in Hong Kong, is rent subsidization for parties who have been on the public housing waiting list for a minimum of three years. We have determined that such a policy not only will help households already on the waiting list receive aid by alleviating their rental costs, but also put pressure on the government to accelerate the process of transferring parties off the waiting list itself, and into public rental units.

As our team noticed in Chapter 4.3, some families living in sub-divided units spend approximately half of their monthly income on rent and utilities. When also considering the additional cost of food alone, very little money remains for a family living in a subdivided unit to save for better accommodations. Furthermore, while a family may have been accepted onto the public housing waiting list, they will continue to endure the economic strain from their rent until they are moved into a subsidized public unit. In the case of our recommendation, a party that has been on the public housing waiting list for three years has already been deemed by the government in need of economic relief. By subsidizing the rent of these households, the government can alleviate some of economic strain from rent put on the multitudes of tenants living in subdivided units. Hopefully, this will give these families more economic freedom to improve the quality of their lives while they continue to wait for a public housing unit.

However, one stipulation of our recommendation is a limitation on how much money the government allocates to families qualified to receive subsidies. What we do not want to see as the result of our recommendation are families becoming complacent with being on the

waiting list. We especially would not want families to become totally dependent on rent subsidies either. To prevent this, we recommend the government only subsidize a total of one quarter of an eligible party's rent for a year. Optimistically, this would provide a balance between offsetting the cost of rent and still supporting families in financial need, while simultaneously sending the message to these households that they must continue to work hard to remain financially secure

We decided to use three years for the minimal waiting time for our recommendation because it is the current duration the government states should be expected for a family to wait for accommodations (Information Services Department, 2012). One of the benefits of having such a policy in place is that it forces the government to back up its own claims for how long parties should be waiting for housing. If the government allows a family to wait longer than the three years they have predicted, they will then consequently be held accountable by paying for the rent of the unfortunate party. As a result, this policy should encourage the government to accelerate the accommodation process because of the financial pressure of paying for the rents of the thousands of families who have been waiting for public housing, and thus move families out of subdivided units more quickly before.

### **6.3.3 Re-evaluate Plot Ratios**

In the short-term, we finally recommend a reevaluation of current public housing plot ratios. We suggest that the Hong Kong government and Hong Kong Housing Authority perform investigations and evaluations of their public housing structures, and determine where there may be room for potential building reorganization. If the government were to locate areas where buildings could be reconfigured to be more space efficient and insert additional safe,

livable units, the supply of available housing could be increased, slightly decreasing demand, and allowing more tenants of subdivided housing to move out of their squalor.

## **6.4 Crackdown on Landlords**

As a short-term step to begin aiding those living in subdivided units, we recommend that the government make a concerted effort to crackdown on shifty landlords. As we documented in the previous sections, many Hong Kong landlords are guilty of various injustices toward individuals living in subdivided units and their buildings as a whole. Firstly, many landlords forgo building codes and health and safety measures when subdividing their buildings in order to cut costs without regard for the well-being of their tenants. Moreover, some landlords have also taken advantage of their less educated renters, as they commonly use verbal contracts to underhandedly overcharge and exploit their tenants financially.

### **6.4.1 Require Building Repairs and Renovations**

Our primary focus in our proposed government crackdown is to force landlords to make appropriate building renovations to remedy the multitude of hazards shiftless construction practices have exposed tenants to. To start fixing these problems, we recommend the government to first begin widespread inspections of various areas notorious for subdivided units. Extensive inspections would allow for detailed, extensive documentation for the locations of subdivided units, their owners, their conditions, and whether or not they require immediate attention and renovation. Specifically, buildings that actively endanger either the general health or safety of tenants must be attended to immediately. With a database of the city's worst subdivided units, the government should then contact owners of said units, mandating the

necessary renovations required to bring their buildings up to code and make their units safe for human inhabitation.

However, it is important to note that we don't want to see innocent residents who are subject to the negligence of the landlords be put onto the streets while their units and buildings are serviced. Therefore, because such negligence is the fault of the landlord, we feel it should be their responsibility to provide accommodations for their residents in the meantime.

Furthermore, we recommend that in turn, the government should also be willing to subsidize costs for tenant relocation if necessary for landlords that are compliant with mandated building repairs. We feel it is essential that if such a plan were to be instilled, proper incentive for participation will yield more success than strictly punishments for lack of cooperation.

One cultural aspect of Hong Kong people we observed was their tendency to keep illegal subdivided units hidden, particularly when we as researchers would speak to locals in search of them. Moreover, many residents living in subdivided units refused to answer their doors for us, let alone give us, or a government official for that matter, an interview. This has led us to the conclusion that many of Hong Kong's citizens are willing to continue illegal practices in order to have a home, or for landlords, an income. This is why we then recommend the government offer incentives to landlords, possibly in the form of tax breaks or subsidization, to renovate infringing building conditions. We feel that exclusively using the "stick" method, by placing sanctions and punishments on landlords who don't renovate their buildings would have much less potential for success than using the "carrot," and offering incentives and rewards. As it stands, many practices used by landlords to build subdivided units are illegal and have penalties, yet violations are still commonly practiced. We've inferred that landlords are willing

to take risks to turn a quick profit, so by offering them a reward for bringing their buildings up to higher standards, they may be more likely to act. Conversely, we do recommend that harsh penalties be levied in cases of sustained landlord negligence if incentives alone are to fail. As a result, Hong Kong may see higher potential to have the hazardous conditions of subdivided units repaired than if no action is taken at all.

#### **6.4.2 Enforce Written Rental Agreements**

The second area of focus for our “crackdown” recommendation is for the government to enforce strict requirements to have written contracts between landlords and tenants for their rental agreements rather than verbal contracts. To exploit the poor and undereducated through verbal contracts is a clear violation of acceptable business ethics. Moreover, by intentionally inflating and overpricing their units, landlords are actively fueling Hong Kong’s already substantial housing cost dilemma. The government must intervene in this situation if justice is to be had.

We propose that Hong Kong’s legislators enforce written agreements between residents and their landlords over their units. Although on the books, landlords are required to have such agreements, as we discovered in Chapter 4.1, many landlords have alternatively chosen to bypass these regulations and use verbal contracts between themselves and their tenants. By having a written housing contract, there becomes a tangible record of what tenants and landlords have settled upon as an acceptable rental agreement. In turn, there can be clearly defined landlord and tenant responsibilities for each unit, including facility maintenance and repairs, payment for utilities, and other similar costs. Moreover, overall unit rental costs will be clearly documented and be available for government supervision. This will allow the

government to monitor rent, ensure citizens that they are not being underhandedly overcharged or exploited, and possess a documented record for the courts if any infringements are made by either tenants or landlords. We also recommend that the government widely publicize these proposed landlord requirements, particularly to the lower income families that are currently being affected. Comprehensive public awareness of this policy will allow residents to actively ensure that their rights and well-being are sought and cared for by landlords, as their current ignorance only allows their situation to perpetuate. As a result, Hong Kong's government can hopefully minimize landlord corruption, and assure its citizens that their well-being is of great concern.

## **6.5 Concluding Remarks**

All of our team's recommendations to Hong Kong's policymakers are based upon the data our team collected and analyzed in conjunction with the oversight of our team sponsor, the Hong Kong Institute of Education. We understand that although our recommendations are meant to help alleviate some of subdivided housings problems, they many not solve all of them. Furthermore, without full commitment by both the government and the citizens of Hong Kong, as well substantial financial commitments and political cooperation, there is likely to be very little change for this issue. However, by encouraging positive action through our team's work, we hope that our team's recommendations can help push Hong Kong's policymakers to more seriously consider the subdivided housing issue and aid in policy reform process to abolish it.

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## **Appendix A: Hong Kong Institute of Education Background**

The Hong Kong Institution of Education (HKIEd) is a leading facility of higher education in the Asia-Pacific region. The institution's mission is to develop high quality educators by encouraging a life-long pursuit of knowledge and "leading in innovation and reform" ("Vision and Mission," 2012). Furthermore, the HKIEd advocates research and learning in a wide array of educational fields by allowing students study in an environment that is conducive to freedom of expression and creativity. Such an environment nurtures the development of "intellectually active, socially caring, and globally aware" ("Vision and Mission," 2012) students who are fast-tracked to become competent professionals. Through its mission the HKIEd has become globally recognized for its excellence in producing "caring professionals" and for its resounding impact on humanity ("Vision and Mission," 2012).

The inspiration for HKIEd came from 1853, when the first in-service teacher training program was established at St Paul's College. In 1881, the Governor of Hong Kong, John Pope Hennessy, established the Government Normal School in Wan Chai. As a result of the public and government's demand for teacher education increased, several different institutions were founded to provide a base for formal teacher education in Hong Kong: the Northcote College of Education, 1939; Grantham College of Education, 1951; Sir Robert Black College of Education, 1960; the Hong Kong Technical Teachers' College, 1974; and the Institute of Languages in Education, 1982. The amalgamation of the institutions led to the foundation of the HKIEd on April 25<sup>th</sup>, 1994, because of the suggestion made by the Education Commission Report No 5 to combine the aforementioned institutions. Ultimately, the recommendation was enacted upon

with the intent of “upgrading teacher education and professional development” (“History,” 2012).

The Hong Kong Institute of Education provides its students with a myriad of academic opportunities. The undergraduate program is comprised of three faculties: the Faculty of Liberal Arts and Social Sciences, the Faculty of Education and Human Development, and the Faculty of Humanities. Each faculty offers a multitude of relevant majors designed to appeal to students with various interests (“Departments, Faculties, and Schools,” 2012).

In addition to its ability to offer students a first-class education, HKIEd harbors an extensive research and development department. Regarding research and development, the institution philosophizes, “research excellence is a combination of scholarship, professionalism and service through knowledge transfer and application” (“Research,” 2012). By integrating research with teaching services, HKIEd is able to align academic with professional activities to realize the many ways the two can benefit one another. Cooperative efforts with both local and international organizations, including other institutes of education, non-government organizations, research institutions, and professional organizations allows the institution to maximize its potential not only in research and development but also in overall creation of knowledge (“Research,” 2012).

As of 2011, the HKIEd has a thriving student population of over 8,000 students (“Student Enrollment,” 2012), with an overall employment rate for its graduates of 94% (“Graduates’ Employment Figures,” 2012) whose average initial monthly salary is \$18,347 (“Initial Monthly Salary of Graduates,” 2012). Furthermore, the institution has recently launched three new undergraduate degree programs to enrich their overall academic diversity comprised of over

120 undergraduate degrees: Language and Literature, Creative Arts and Culture, and Humanities and Social Sciences (“Key Milestones,” 2012). Also, the HKIEd is the leading producer of school teachers in Hong Kong; 80% of kindergarten teachers, 84% of primary school teachers, and 30% of secondary school teachers are alums of the HKIEd (“The Planning Context,” 2012).

While being the main contributor to the overall education of Hong Kong, the HKIEd has also spread its educational influence internationally, specifically to Worcester Polytechnic Institute [WPI]. Since 2011, the HKIEd has been a sponsor for several Interactive Qualifying Projects [IQPs], one of WPI’s cornerstones of its academic program. In conjunction with the HKIEd, WPI students have had the opportunity to study abroad in Hong Kong while working to help “tackle real-life problems and challenges where science and technology meet social issues and human needs” (“Project Centers,” 2012). In 2012 for example, the HKIEd sponsored an IQP which looked to attain an understanding of whether socioeconomic factors of Tung Chung residents affected their opinions on the effects of a proposed third runway at Hong Kong International Airport. By issuing 200 surveys to Tung Chung residents, the project yielded the conclusion that in spite of the inevitable air and noise pollution that would come with a third runway, many residents actually supported its construction (Paredes, Hogan, Hines, Corpuz, & Demetry, 2012). By sponsoring such projects, the HKIEd has fostered the educational growth of students abroad and truly made an international impact on higher learning.

The HKIEd believes that learning experiences can be enriched through both regional and international exposure, alongside internationalizing curriculum and other on-campus activities. Furthermore, these tactics resonate the University Grants Committee and Education Bureau’s

determination to promote internationalization and mainland experience through the “dollar-for-dollar matching scholarships schemes” (“Annual Report 2011-2012,” 2012). Many university scholars are invited as speakers and special guests to international events where they display their understandings of global education reform, share their roles in Chinese higher education, and more. HKIED extends its ideas of progress and reform to developing countries all over the world, and tries to produce caring students who can bring about those changes globally.

## **Appendix B: Subdivided Housing Tenant Survey**

### **Survey on Perceptions of Subdivided Housing**

Conducted by

Worcester Polytechnic Institute Student Group

(Worcester, MA, USA)

In conjunction with



Results of this survey will be made available in your building. Any and all identifying information will be kept confidential.

### **PURPOSE**

We would like to first thank you for taking time to complete this survey. Your opinion is invaluable to our research and will aid us in making policy recommendations to our sponsor.

### **SPONSORSHIP**

This research is sponsored by the Hong Kong Institute of Education and advised by professors from the Worcester Polytechnic Institute (USA). As students, we have no ties to Hong Kong's government or housing market.

### **CONFIDENTIALITY**

Your identity will remain confidential. Data will be made publically available. No names will be published in our report. Any names will be destroyed. Results will be published for public and academic audiences. Again, identities of all participants will remain anonymous.

### **BENEFITS, RISKS AND RIGHTS**

There is potential that the results of this study may lead to policy application and reform regarding subdivided housing in Hong Kong. However, there are no guarantees that this data will yield any changes at all. There are no significant risks to you completing this survey. Your identity will remain anonymous. Also, your participation in this survey is strictly voluntary, and you may withdraw from the survey at any time. You do not need to answer every question if you do not choose to.

## Introduction

Through our team's background research, we have established many potential fundamental problems with Hong Kong's current subdivided housing system. However, before we can make any potential recommendations on how to resolve this issue, we need to better understand how Hong Kong's citizens feel about this issue.

## Instructions

This survey has 16 questions and should take about 5 minutes to complete. It is critical that you answer these questions as truthfully as possible. Please do not write your name on this survey.

## Start of Survey

To begin the main part of the survey, we would like to ask you questions about your opinions regarding different aspects of subdivided housing. Please circle the best answer.

On a scale of 0 to 5, 0 being of no concern to me and 5 being of utmost concern to me, how would you rate:

- |   |             |
|---|-------------|
| 1. The amount of livable space in your home       | 0 1 2 3 4 5 |
| 2. The level of privacy in your home              | 0 1 2 3 4 5 |
| 3. Your feeling of safety in your home            | 0 1 2 3 4 5 |
| 4. Your home's lighting                           | 0 1 2 3 4 5 |
| 5. Your home's electricity                        | 0 1 2 3 4 5 |
| 6. Your home's bathroom                           | 0 1 2 3 4 5 |
| 7. General sanitation of your home                | 0 1 2 3 4 5 |
| 8. Your home's ventilation and air quality        | 0 1 2 3 4 5 |
| 9. The level of natural light in your home        | 0 1 2 3 4 5 |
| 10. The level of fire protection in your building | 0 1 2 3 4 5 |
| 11. The potential for safe escape in a fire       | 0 1 2 3 4 5 |
| 12. Your overall happiness with your home         | 0 1 2 3 4 5 |

Thank you for completing our survey thus far. We finally have a few questions regarding your general background. Remember, all identifying personal information will remain confidential.

1. What is your annual income?
  - a. <HK\$155,000
  - b. HK\$155,000 - <HK\$310,000
  - c. HK\$310,000 - <HK\$465,000
  - d. HK\$465,000 - <HK\$620,000
  - e. >HK\$620,000
  
2. How many people live in your unit?  
\_\_\_\_\_

3. Please indicate your gender.
  - a. Male
  - b. Female

4. Please indicate your age.  
\_\_\_\_\_

***Thank you for participating in our survey.*** Your views and opinions will be extremely useful in our research.

***THANK YOU!***

Please use this space to make any comments:

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## Appendix C: Subdivided Housing Tenant Survey (Chinese Translation)

### 住宅分割調查問卷

由

斯特理工學院學生調查團隊

(伍斯特，麻薩諸塞州，美國)

合作組織



調查結果會於您的住宅樓房展示。個人隱私信息將不會公佈。

### **目的**

首先感謝您參與並完成這份調查。您的意見會對我們的調查意見有極大的幫助，我們會根據您的意見向我們的資助人提供建議。

### **贊助**

本次調查由香港教育組織贊助，並受助於伍斯特理工學院（美國）的教授。作為學生，我們與香港政府或房屋市場無任何關聯。

### **保密**

您的個人隱私信息將會被保密。調查數據將會公佈。您的姓名將不會在調查結果中顯示。所有參與者將不會被提及。

### **收益，風險及權利**

本次調查會對香港住宅分割的政策產生潛在影響。然而，我們無法保證此次調查會產生任何影響。完成此次調查並不會對您產生任何風險。您的個人隱私信息將不會被泄露。並且您的參與為完全自願，您可以隨時退出此次調查。如果您不想回答其中的某些問題您不必作答。

## 概述

通過我們團隊的背景調查，我們已經係統分析香港現今分割住宅的許多潛在問題。然而，在我們給予解決問題的幫助建議之前，我們需要知曉香港市民對於這些問題持何種看法或意見。

## 說明

這份調查問卷共有16個問題約5分鐘可完成。請盡可能地真實地回答這些問題。請不要在問卷上寫下您的姓名。

## 問卷始

在問卷中，我們將對分割住宅的各個方面問題進行提問。請圈出最合適的答案。

在由0至4增加中，0為毫不關心，4為非常關心：

- |                 |           |
|-----------------|-----------|
| 1. 房屋可使用空間      | 0 1 2 3 4 |
| 2. 房屋私密性        | 0 1 2 3 4 |
| 3. 房屋安全性        | 0 1 2 3 4 |
| 4. 房屋亮度         | 0 1 2 3 4 |
| 5. 房屋供電         | 0 1 2 3 4 |
| 6. 房屋衛生間        | 0 1 2 3 4 |
| 7. 房屋衛生         | 0 1 2 3 4 |
| 8. 房屋通風及空氣質量    | 0 1 2 3 4 |
| 9. 房屋自然光線       | 0 1 2 3 4 |
| 10. 房屋防火性       | 0 1 2 3 4 |
| 11. 火災安全逃生      | 0 1 2 3 4 |
| 12. 您對於您房屋總體滿意度 | 0 1 2 3 4 |

感謝您目前為止對此問卷參與，最後我們有一些關於您個人背景之問題。在此提醒，所有個人信息將會被保密。

1. 您的年收入為
  - a. <155,000港幣
  - b. 155,000港幣 至 310,000港幣
  - c. 310,000 港幣 至 465,000港幣
  - d. 465,000 港幣 至 620,000港幣
  - e. 大於620,000港幣

2. 有多少人在您的單位內居住？

\_\_\_\_\_

3. 您的性別為

- a. 男
- b. 女

4. 您的年齡為

\_\_\_\_\_

感謝您的參與。您的意見及觀點會對我們的調查有極大的幫助。

**10:00 AM on 2/1**

請於**1月20日上午10點之前**，在您樓房出口處的收集箱投遞您的調查問卷。

*感謝您的參與！*

如果您有更多其他建議，請於以下位置填寫。

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## Appendix D: Subdivided Housing Tenant Interview Protocol

We plan to talk to at least 10 tenants living in subdivided buildings we choose to conduct our survey in.

When talking to the tenants, we hope to complete three main objectives: verify our survey data, attain a more in-depth perspective on how people living in subdivided housing feel about their situation, and apply our data to our recommendations. Our plan is to ask questions that relate directly to those we asked in our survey. An interview provides us as researchers with a unique opportunity compared to a survey because it allows us as researchers to have greater influence and reassurance on participants to supply us with valid data. Furthermore, by cross-examining the data from our survey with the data we collect from the interviews, we can better determine whether or not our survey data was valid. Also, when considering the opportunities that an interview brings us, we can collect more specific and comprehensive data about how tenants feel about the subdivided housing issue. We in turn may discover problems with subdivided housing which we did not initially detect in our research, be given specific examples of how subdivided housing has affected peoples' lives, or even learn about how tenants deal with the many consequences of subdivided housing. As a result, the data we collect can then be applied to the policy recommendations this project will report.

We have listed the questions below as a loose guideline to follow during our interview, but understand that follow-up questions and the overall flow of the interview may change dependent on the answers of the interviewee.

For confidentiality reasons, we will not ask for participants' names.

1. What are your general thoughts or feelings about your apartment?
2. Do you feel safe living in a subdivided unit?
3. Do you feel like your privacy has been impacted by subdivided housing?
4. Would you say that your home's appliances, for example your electricity and bathroom, are of an acceptable quality?
5. Do you think that the overall sanitary conditions of your home have been affected by subdivided housing?
6. Do you think that your building is properly protected against fire? Do you feel confident that you would be able to escape your building in the event of a fire?
7. One of our main objectives with our research is so make recommendations to the HKIEd about potential policies that could be put in place to help reform subdivided living. Are there any changes that you as a tenant would like to see based on your own experiences?

8. Is there anything in particular that we didn't cover that you would like to talk about? Or maybe there is a topic that we spoke about that you would like to elaborate on?

## **Appendix E: Tenant of Subdivided Housing Interview Transcript**

### **Subdivided Tenant Interview**

**Interview Date: January 27, 2013**

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of a resident of subdivided housing views subdivided housing.

**Housing Group:** We would like to ask you several questions. We will not reveal your personal information to anyone so please answer as you feel comfortable. Can I ask you about your living experiences here?

**Tenant:** I actually don't know too much.

**Housing Group:** We are from the HKIEd and doing research about low income housing and about residential environments in Hong Kong. Our subject is on low income and subdivided housing. We would like to know about you and your opinions as a resident here and your suggestions. And your opinion to the government's reactions to low income housing. We have a survey that only takes 5 minutes.

**Tenant:** I live here with my daughter. You can come in and ask your questions.

**Housing Group:** Can we take pictures for our project?

**Tenant:** Okay, that's fine.

**Housing Group:** We would like to learn about your opinions about living here from your subjective view. What are your opinions? Is it good or bad? What is your feeling of living in this building?

**Tenant:** It is too small. As you can see, it is a very small place to live.

**Housing Group:** Do you feel safe here?

**Tenant:** No, I do not feel safe living here.

**Housing Group:** Do you think it is acceptable that the quality of the housing is like this?

**Tenant:** Because I am earning my income all by myself and am living with my daughter, we are very frugal and try to save money where we can. As you can see, we don't even have a computer. This television we only have because someone gave it as a present.

**Housing Group:** How do you feel about fire safety in your living space?

**Tenant:** Everyone is very careful and try to make this as fireproof as we can. If a fire were to happen here, if everyone wanted to get out of the building it would be nearly impossible. How can everyone get out of here safely?

**Housing Group:** Do you think it is hard to escape when there is a fire?

**Tenant:** Yes, I have this kind of feeling.

**Housing Group:** Do you feel that the Hong Kong residential environment, that there is a low housing supply for the amount of people?

**Tenant:** I don't know how to address my feelings about this.

**Housing Group:** Do you have any suggestions?

**Tenant:** I don't think I have any suggestions.

**Housing Group:** Thank you so much for your help!



## Appendix F: Public Interview Protocol

We plan to interview at least ten Hong Kong citizens from the upper and middle classes, and at least ten citizens belonging to the lower class.

In talking to these residents, we hope to ascertain the opinions of citizens from both ends of the economic spectrum in Hong Kong. Our plan is to ask general questions about low income housing in Hong Kong. We have chosen to ask broad, but directed questions on low-income housing to allow interviewees to give open-ended answers in order to provide us with qualitative data regarding the issue. Furthermore, by allowing these kinds of answers, we give participants the opportunity to let us know what is most important to them rather than to simply give their opinions on what we have deemed important. We plan to use this data to expand our view of the public's opinion on subdivided housing further than just those tenants living in such a situation and apply them to our policy recommendations.

We have listed the questions below as a loose guideline to follow during our interview, but understand that follow-up questions and the overall flow of the interview may change dependent on the answers of the interviewee.

For confidentiality reasons, we will not ask for participants' names.

1. What do you think about the current state of low-income housing in Hong Kong?
2. If negative,
3. What do you think are the most important problems with low-income housing?
4. What is your opinion on the government's reaction to the housing situation?
5. What do you feel could be done to improve the current housing situation?

If Positive:

6. Are there any aspects that could be improved upon?

## Appendix G: Upper and Middle Classes Interview Transcripts

### Anonymous Interview 1

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

#### **Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 1:** It's pretty good. It can help the citizens in the lower class to get housing when they cannot afford to buy a private flat.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 1:** The serious problem is that a lot of the housing is very old. There have not been a lot of new buildings recently.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 1:** I heard that the government said that they were going to build more low income housing.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 1:** It is not impractical that this will help. The housing prices keep going up.

**Housing Group:** Are there any aspects that could be improved upon?

**Interviewee 1:** Find some suitable land to build more low income housing.

## Anonymous Interview 2

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### **Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 2:** I think the low income housing should be rebuilt and redesigned so more people can live in this housing. There are some dangers living in low income housing that should be redefined.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 2:** It's not very good for the people living there because they don't have much space although it is very cheap. There is very limited space and everyone is very crowded. It's hard to live there. It's probably not very good for their wellbeing and mental and physical aspects

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 2:** I think the government should think more highly of this problem and fix it as soon as possible before it gets any worse. Now, a lot of HK people have faith in fixing the living problems but the government is all was putting it off. There needs to be more houses and make the housing prices cheaper because a lot of people can't afford them.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 2:** Make more cheap housing for low income. Make more housing that people can afford without having to make a huge line to wait to get into. Government needs to think more highly of this problem and put more resources into solving it.

### Anonymous Interview 3

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

#### **Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 3:** You mean the residential environments or the supply and demand of low income housing? I feel like most of the low income/public housing are very old. And the new housing is very expensive in Hong Kong. You cannot help the low income people to buy a house. You can't meet the demand of the low income housing. There are too many people lined up for housing in low income. It is not like that in upper class because you can just go straight there and buy a housing estate. The low income is too expensive and they cannot afford it.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 3:** With government buildings, they are ignoring the citizens' opinions. I heard a lot of the problems in Tung Chung, some of their low income housing is built in front of the private housing estates. It is blocking the private housing and although you pay more for the private housing, they have the same location as the low income housing. The people are building houses, and they want more money. The government gives them permission to buy a house. Government should plan before they build this kind of housing.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 3:** I feel like the HK government doesn't care much about the HK citizens.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 3:** The government should listen to more of the citizens' opinions.

## Anonymous Interview 4

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 4:** I think the amount of housing is too small. I think the demand cannot be satisfied by the need and the demand is too big because the supply is limited.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 4:** The old houses obviously have big problems like safety issues. The newer low income housing doesn't seem to have any problems. The government should pay money to fix the old ones or just rebuild them because there are a lot of buildings in Hong Kong.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 4:** The low income housing are not satisfying the demands and needs of the people. I feel like the government is just saying that they are going to do something but don't. And what they do takes 5-10 years, their action is very slow. The citizens complain a lot. They have to wait a lot even if they are okay with money. The policies are not very good. If the government was stronger on their actions, that would be much better.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 4:** I hope the government can release more land resources to help everyone. And to make more low income housing available. Basically, they just need to do more and actually do what they claim they will do. Also the government might not have enough money but since it is important and for the citizens, it should not be overlooked. I also hope that the government could make some super low interest loans to help out with mortgages. To be able to rent or buy the low income housing they could afford it with loans and more people could own their own homes. It would be much better compared to the very high interest loans that they have now. They could have more of a choice and be able to choose between private and public housing.

## Anonymous Interview 5

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong? For example, the safety, whether the people deserve better housing than low income housing.

**Interviewee 5:** Are you asking my opinion on low income housing qualities and other aspects? Hong Kong low income housing is not as good as the private housing estates. He had an experience of living in low income housing. It is not that bad. But you are asking whether it is safe?

**Housing Group:** Mostly about the fire protection, safety management and physical structures.

**Interviewee 5:** Of course the new private housing have fire proof doors, they have fireproof corridors. It would be better because they have this kind of things. Compared to the low income housing, most of the time it would only be one hallway or one door with this kind of protection. For safety management, it depends on which area you are staying in HK. It depends on the buildings management, could be good, could be bad. Even though the low income housing could have very good management.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 5:** Are you talking about the public house by the government?

**Housing Group:** No, just the relatively lower priced housing in general.

**Interviewee 5:** When I am looking at the old housing in Mong Kok and some downtowns, the stairs would be narrow and people are putting their random stuff and trash in the stairs. It could be a potential safety issue, especially in fires: it makes it hard for people to run away. The old housing, but not the housing village or the new building houses, this kind of housing does not usually have a security guard there so sometimes a random person gets inside and there can be robberies.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 5:** If you talk about the low income housing, in this free market economy in hong kong, I don't think the government can do much about it. It is a free city. The capitol can just come to HK freely and people can buy whatever housing they want without any limitation. I don't think a government cannot really have any reactions or say in the housing.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 5:** If the government wants to protect the HK citizens, everyone should have the right to buy a house and to have work. I think the HK government, other than building public housing, the government could give more benefits to poor people. To give you more benefits when buying a house or just renting the house in a lower price. And there is a lot of foreigners, and people from mainland who come here to buy houses. If the government doesn't set limits on them, it is harder for HK to get housing. It is also harder for locals to get a job and has more limitations in transportation. I think the people who are rich can buy very nice houses, 5-6 million or up. The government doesn't have to worry too much about them. I think the hardest things, like the taxes and policies. In this free market, government should try to improve these policies anymore.

**Housing Group:** Are there any aspects that could be improved upon?

**Interviewee 5:** Now the low income housing, like the old housing, do more of the regular checking on the housing. Make them more fireproof and do inspections to make sure exits aren't blocked, especially on stairs. This kind of measures can make it safer. And others, it depends on the building managers and how good they are at these measures for safety. In the housing where they don't have a building manager, people an randomly go into the buildings. If this problem was fixed, that would be a lot better.

## Anonymous Interview 6

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 6:** There is not enough for people to live. There is not enough supply for the amount of people. The supplies do not meet the demand for who needs low income housing.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 6:** The subdividing is a big problem. They divide the apartments into many smaller ones. The non-public housing is being subdivided and it is still very expensive. They can still be a few thousand per month. Compared to the income of the people who live there, I think it is about half or a third of their income, which is really expensive and a lot of them also depend on social security. So they do not have a lot of income left to live with. The public houses can be really good in comparison to the subdivided housing but it is very difficult to get into. Most of them wait many years to get in so they have to resort to this.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 6:** I think they have a really difficult part. On one hand they have everyone asking for them to build more housing to have enough to meet the demand. On the other hand, they have a lot of fear which stems from the depressions and the problems from years ago. They are afraid that the depressions will come back again if they put too much effort into it and they don't know when the property market will change. No one knows what is going to happen and when. So it is a very difficult situation especially when there is a new Chief Executive. When they try and put in effort to it, it is still very difficult to achieve. It will take a few years for new houses to be seen around the market, but it would be a place to start seeing results.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 6:** It is very difficult, I don't really have any ideas on how to it. Because it is a very hard situation no matter what you do. Some people say you should give more money to sponsors for people living in public housing to pay for rent. But actually it is a bad thing to do because it makes the rent go even higher and cause landlords to raise rents. So it is a market and not government driven, making anything the government does not have a place to be able



to do anything simply. It is definitely a difficult situation but it needs to be addressed in the correct way to get results.

## Anonymous Interview 7

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 7:** I think they are not a very more maybe developed a fully based supporting for debt. With cheaper housing like Singapore and other countries have a lot of support like people have cheaper money and stand their debt properly. Hong Kong may be a very long ways away from providing this service right now.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 7:** They don't have a choice. Because they need to live there because they don't have enough money. So they must live there, if you don't live there than you have to live in the road.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 7:** I think the government still is thinking and waiting and has no respect for debt. They have some suggestions but they are not very helpful for debt and can be very dangerous.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 7:** Yes. Maybe the government also said HK will not have enough space. They want to improve the buildings. I think now they have some public houses and they hope people can buy them. They will make cheaper housing so they can live in this other house.

## Anonymous Interview 8

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 8:** I think there is definitely a lot of demand for it but not enough to supply. People have to wait a long time for public housing. For people that are still waiting and can't get any other housing, they have to resort to subdivided homes or living in industrial buildings or other areas that are not the best.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 8:** Its very dangerous. They aren't regulated by some sort of housing authority. They have their own pipings which is not up to regular housing standards which can be very dangerous.

**Housing Group:** What do you feel could be done to improve the current housing situation on the government's part?

**Interviewee 8:** Well, apparently they have to provide more proper public housing. You have to apply to go into public housing. So then if they don't qualify, they have to resort to this really cheap type of alternative housing, which is not the way to go.

## Anonymous Interview 9

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### Interview Transcript:

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 9:** I don't know a lot about this because I already have bought my house. I only know that the price of housing is very expensive.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 9:** Now, since the price is too expensive and people do not have much money, they cannot afford a house. If you need public housing, you have to wait in line for a very long time.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 9:** I think the government's reaction is not very good. I have heard that the government hasn't done a lot of good with this problem. They have not done a lot or done a good job

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 9:** I really don't know.

## Anonymous Interview 10

**Interview Date:** January 21, 2013

**Purpose of the Interview:** The purpose of the interview was to gain a better understanding of the upper class's views on public and low income housing.

### **Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 10:** Actually, there is not enough because there are a lot of people who want to move in the public housing but they can't find a place or have to wait for a very long time and this is quite a big problem. The government still can't find some place to build these kinds of project because the big corporations and big real estate companies are negotiating with the government to try and find a solution.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 10:** There is not enough. It is more in the qualities because it is quite extreme. Sometimes there are people that are actually very quite wealthy since they earn an income and still living in this type of public housing. And some people are really very poor and then they work hard for themselves and for their livings and cannot get into this type of housing.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 10:** I guess actually the government has to work really hard with the real estate companies. Because they are the most important builder for this in Hong Kong.

## Appendix H: Lower Class Public Interview Transcripts

### Anonymous Interview 1

**Interview Date:** February 7, 2013

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of the lower class's views on public and low income housing.

**Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 1:** I don't think that there are many problems with low income housing. It is very practical and efficient. The low income housing state works and is effective to give those in need housing.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 1:** I think the government should make some long term plan, for example in several years, to design whether it needs to be rebuilt. The rebuilding should improve the residential environment.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 1:** Like what I said before except the old low income housing. In my opinion, their land should be built as low income housing. It is very difficult. The so called public opinions, most people disagree to having low income housing. This is not selfish. I hope the citizens can accept this type of low income housing. When government finds land to build housing, they should plan as quickly as they can to build low income housing. I hope the government can make more low income housing. From the proposal to completion, building real estate takes about 4-5 years. So it cannot help the people who urgently need housing now because it takes a long time.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 1:** I think the government needs to be more focused and take action and make quicker decisions. The government needs to make decision soon so that action can start soon. That way those people who need housing can get in quicker. Get all the people to design and construct and just build more instead of waiting. They need to find investors and don't pay attention to those who object. They don't need to be discrete.

**Housing Group:** Who is disagreeing with it?

**Interviewee 1:** Other human beings. When people have their housing, they can be happier and have better jobs and have a better quality of life. If people cannot get good housing, they cannot get a good job and be happy. Other housing is very expensive and they cannot afford any better. So how can they be happy? If people are paying a huge amount of money to have a house, they are paying thousands of dollars. For example, people before there was housing where it cost half of their salaries. How can they be happy if they are paying this much for how much they make? It must have some significant meaning.

## Anonymous Interview 2

**Interview Date: February 7, 2013**

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of the lower class's views on public and low income housing.

**Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 2:** I think there isn't enough of low income housing available for the large population of Hong Kong.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 2:** There aren't enough supplies to build these buildings. They need to meet the demand but do not have the means to do so easily.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 2:** I think government is taking some sort of measurement to help. I think the public should demand more government action and be more aware. The measurements do take time but we don't know what is going on.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 2:** I heard there is some land that is being developed into corporate housing and a lot of environment problems follow because the reclamation can hurt the ecology and environment. I wish there could be more of a balance between urban life and environment but that is very hard. I think they need to build more housing even if it means sacrificing a little more of the land. For example: mangrove forests; I hope they can protect those important areas and only build where it is okay to do so. They should take land that they are not currently using and make it into a habitable place to live.



### **Anonymous Interview 3**

**Interview Date: February 7, 2013**

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of the lower class's views on public and low income housing.

**Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 3:** No comment

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 3:** I think there is just not enough housing. I think the most serious problem is that it is very low in supply for the amount of people in need.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 3:** I think the government should have enough supplies to provide for all citizens. To make the prices more controlled so that it is more affordable. It is very high and it needs to be lower and more stable.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 3:** Government needs to find new land or new sites to build more housing. And to have a stable supply. This is to not suddenly have a lot of flats available one year but none the next. It needs to be more stable and gradual.

## Anonymous Interview 4

**Interview Date: February 7, 2013**

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of the lower class's views on public and low income housing.

**Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 4:** No comment

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 4:** No problems with current housing, but they need to have more supplies to provide for the increasing population.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 4:** I have 2 points: 1) too many Chinese people from mainland coming to buy housing. It makes Hong Kong people be out of supplies and available space. 2) In Hong Kong, they have a huge demand but very little supply. Now in Hong Kong, there is over 7 million. It is a huge population and we need housing for all of them. This gives us an insufficient supply for everyone.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 4:** I already said those 2 points. There needs to be less people from mainland getting housing and the Hong Kong citizens should go first.

## Anonymous Interview 5

**Interview Date: February 7, 2013**

**Purpose of the Interview:**

The purpose of the interview was to gain a better understanding of the lower class's views on public and low income housing.

**Interview Transcript:**

**Housing Group:** What do you think about the current state of low-income housing in Hong Kong?

**Interviewee 5:** From what I have seen, Hong Kong is very low in supplies for public housing for the lower class.

**Housing Group:** What do you think are the most important problems with low-income housing?

**Interviewee 5:** I think the main problem is that they didn't build enough low income housing. I heard from the news that there is some low income housing but there is no one to buy it. The problem is not being fixed by this. In the market, it is a problem because of price and location.

**Housing Group:** What is your opinion on the government's reaction to the housing situation?

**Interviewee 5:** The government did not know how to claim it and how to fix this problem. They don't know where suitable land is and do not make housing convenient. They do not have the concerns of the public in mind when making plans. I think away from HK island, for example on Lantau Island, is too far to build a lot of housing. I think the most important is to use good urban planning.

**Housing Group:** What do you feel could be done to improve the current housing situation?

**Interviewee 5:** To review the old history, when you look at the culture of the areas where we are now. In TKT area, the government does not do much, they are waiting for a land agent to do it. The land agent makes the housing prices too expensive. If the government took over, I think that they could make the housing a lot more affordable and safe.

## **Appendix I: Mr. Lai Kin-Kwok of the Platform Concerning Subdivided Housing and Issues in Hong Kong Interview Protocol**

We plan to interview Mr. Lai, an alliance member of the Platform Concerning Subdivided Flats and Issue in Hong Kong, a non-government organization whose primary concern is the subdivided housing issue.

To facilitate our team in understanding the Hong Kong public's perspective on the subdivided housing issue, we will interview with a member of an interest group whose primary concern is the subdivided housing issue. By understanding the opinions of the PCSHIHK, we can better understand the viewpoints of an additional stakeholder in the subdivided housing issue. Also, Mr. Lai, being a major contributor to the PCSHIHK, can give us his own insights into the subdivided housing issue.

Although we recognize that the opinions and viewpoints offered by Mr. Lai and the PCHHK may be biased in favor of the group's agenda, their positions give our team additional points of data which we can analyze and then use to further diversify our understanding of how Hong Kong's public feels about subdivided housing, as well as help answer our other research questions. Furthermore, because we are also using data from a study carried out by the Platform Concerning Subdivided Flats and Issue in Hong Kong, our interview will also give our team an opportunity to better understand their motivations, methodologies, and recommendations that we are analyzing to draw conclusions on our research questions. Moreover, the interview can potentially expand our team's knowledge on various areas of the subdivided housing issue that we have previously researched, as well as shed light on areas of the problem we may have overlooked. Finally, the Mr. Lai and the PCSHIHK may be able to aid our team in our own policy recommendations by offering ideas from invested and motivated individuals with goals similar to our own.

We have listed the questions below as a loose guideline to follow during our interview, but understand that follow-up questions and the overall flow of the interview may change dependent on the answers of the interviewee.

We have been granted permission to use Mr. Lai's name in our report.

1. Can you tell us some information about your interest/lobby group? For example, how was your group founded and what are its goals?
2. Where do you and the Platform Concerning Subdivided Flats and Issue in Hong Kong stand on Hong Kong's subdivided housing issue?
3. As we previously mentioned, our project team is investigating the source of Hong Kong's subdivided housing issue. What factors do you attribute as the causes for the subdivided housing issue?
4. Who do you see as the biggest stakeholders in the subdivided housing issue?

**Potential follow-up question(s):**

- a. Of the stakeholders you mentioned, who do you feel have the greatest impact on the issue?
- b. What kind of inter-relationships do you see between these stakeholders?

5. What do you feel are the biggest problems and hazards associated with subdivided housing?
6. What do you see as the government's position on subdivided housing?
7. Do you think that the Hong Kong government has made the necessary steps to reform subdivided housing?

**Potential follow-up question(s):**

- a. **[If yes to question 5]** With the current policies in place, how long do you think it will take for the subdivided housing issue to become a non-issue?
  - b. **[If no to question 5]** What kinds of actions do you feel the government needs to take in order to fix the city's subdivided housing issue?
8. Chief Executive Leung in his annual address stated that housing in Hong Kong will be one of his administration's main priorities. Do you feel that the new administration will have a greater impact on subdivided housing than administrations of the past?
  9. Do you have any recommendations as to how the subdivided housing issue can be reformed?

**Potential follow-up question(s)**

- a. **[If public housing is mentioned]** Do you feel there are enough people eligible for public housing living in subdivided units that there should be public housing reform?
  - b. How do you feel about renovating industrial buildings to accommodate habitation?
  - c. Do you feel that if more land were allocated by the government for residential construction, that there may be a positive impact on subdivided housing?
10. Our team is also trying to understand the position of Hong Kong's public towards subdivided housing. Can you address how you see the views of the public on subdivided housing?

**Potential follow-up question(s)**

- a. Do you feel that the Hong Kong public as a whole is well-informed of the subdivided housing issue?
  - b. Do you feel that the public needs to be more involved in the reform process?
  - c. Do you feel that the views of the public are observed and listened to by the Hong Kong government?
11. Our team is performing analysis on a study performed by your group in 2012 on subdivided housing. Can you give us some insight into your group's motivations, methodologies, or conclusions from that study?
  12. Is there anything in particular that we didn't cover that you would like to talk about? Or maybe there is a topic that we spoke about that you would like to elaborate on?

## **Appendix J: Mr. Lai Kin-Kwok Interview Transcript**

**Interview Date:** 2/18/2013

**Interviewee:** Mr. Paul Kwok Lai

Platform of Concerning Subdivided Flats and Issue in Hong Kong

### **Interview Transcript:**

**Housing Group:** Can you tell us some background on your organization/group?

**Mr. Lai:** We are coming from different kinds of social service. We have 3 academics; there is me and Dr. Fung Kwok-kin from the Baptist University and also Dr. Kam Ping Kwong from the City University. So we have 3 academics. Most important, we have colleagues from the field. We have colleagues from different kinds of community centers and different districts. And also we have some colleagues from the planning department. So we have some colleagues who are working with some of those illegal structures and using a case work approach to those illegal structures. We need to involve some different kinds of people, different kinds of workers because they are the most people who know the situation of that. Having so many of them, we can get first-hand information from them. So we just try to involve different kinds of people. And also we have some policy organizations. Because we have some people who are in Hong Kong Council of Social Service so they are doing some kind of policy analysis and policy advocacy. So we try to involve people from there. Our group was established in March of 2012, so we are not even a year old. But during this year we have organized different kinds of activities and studies. And we have also launched an activities forum which invites different kinds of people can come to us and to speak what they want and how they can help the subdivided tenants. And also we have participated in some kind of social action to give more pressure to the government. So we are trying to launch these kinds of activities to let more people know about these subdivided flats and also try to give more pressure to the government.

**Housing Group:** Where do you stand on the issue of subdivided housing? What is your overall opinion of it?

**Mr. Lai:** We are seeing that subdivided flats in HK is a situation that the government needs to face and needs to tackle. We are not concerned if this is illegal or not, it's not our concern. What we are concerned about is why people in HK have to live in such poor areas and poor environments. It is unbelievable, but Hong Kong is such a wealthy place and we have people living in this kind of situation. So we are saying that HK government needs to do something. So we divide it into several measures to make our proposal. We are proposing that we need to increase the number of public rental housing. We know that we are now over 200,000 people who are waiting for housing. This is a long queue, longer than it has ever been before. The first measure the government needs to take is to increase the amount of housing available. This is the ultimate goal to have housing for all tenants. The second measure is to give constraints to

the landlords. In the government after 2004, they released all the constraints to the landlord, so if the landlord wanted to do reclaim your flat, it is not like those years before. Before 2004, if you wanted to reclaim your flat you had to have proof that you need to use the flat for your living or you want to rebuild an end or if the tenants are doing illegal things in the flat. So it was mainly protecting the tenants. After 2004, they released all the restraints so being able to reclaim the flats was really quite easy.

**Housing Group:** What was the reasoning behind why they gave up those restrictions?

**Mr. Lai:** In 2002, there was the economic downturn so this made the prices dropping down. The government wanted to boost up the housing market. One of the measures was to release all these restraints so people would buy these flats to rent out. When people would buy these flats this would make the housing rise up. This was the main reason the government released the constraints. So under this kind of situation, the protection to tenants was quite limited. So if you are a tenant you are in a quite vulnerable situation. You can't do anything because the rights are on the landlord's side. So after almost 10 years of this, we need to do something. Because during these 10 years we are seeing that the housing prices are rising and most of the projects are more private than before because when you have no rights and no limitations to the landlords, they can raise the rent and move you around. Another measure is that you need to resume all those constraints to the landlord. And also we are saying that these kind of measures of what we say today are not going to appear tomorrow. We need time to make them happen. Especially when we are saying we want to increase the number of public housing housing, the houses are not going to be built tomorrow, building houses takes a lot of time. So we are saying that we could have some sort of transition or housing arrangement for those tenants who are living in subdivided flats. Especially when the housing department or planning department or other government officials are saying that you are living in an illegal flat and you need to get out. When you are trying to kick them out of the subdivided flat, they are just going to move to another subdivided flat that is worse and more hidden. So if you think doing this to the public will make things better, it won't. Is it really possible that the government can transition people from these flats to something better instead? Under this kind of consideration, whether it is possible that you use the factories and some government made flats, like in empty schools or empty areas. We are saying that it is possible to arrange this kind of housing to be livable and available and affordable for people to those who are moving out of the subdivided flat. What we are saying is that we need a government intervention. Because it we get the government involved in this kind of housing then the problem would be more reasonable and more suitable for the people who are living there. We are saying that government needs to do something and to have these kinds of measures.

**Housing Group:** What would you say the biggest factors that contributed to the subdivided housing? What is the original cause?

**Mr. Lai:** I think that they stopped building, or slowed down, on building these public rental housing is the main cause. And from the release of the constraints to the landlords and also other reasons. There's 150 people coming over from mainland china every day. We are not

saying that those 150 people are the problem or the cause but we are saying that we have a steady increase in population and people need to do something. If the government stopped building up or slowed down building the public housing, the supply is going down. But if the amount of demand is going up due to marriage or people coming over from mainland China. This kind of situation is that there is an increase of threats to the housing. Especially for those that are in low income end of the market, in the poor status. Most of them are looking for public rental housing. If the demand is going up but the supply is going down, this creates an imbalance. They need to match the demand. So what can they do? In Hong Kong in the old days, they could build up some of these illegal structures or up the mountainsides but now they can't. In the past they could also start building on the rooftops but now in most cases we are already on the roof tops. What can they do? They can live in the normal housing. So they just try to take the regular one and divided the flat down into more. We had never really had this kind of flat before. There was usually the partitions and shared toilet and shared kitchen. But now we are saying that we are using subdivided flats, using your own toilet and kitchen, everything is inside. I think the income is higher and a bit higher than before. People think that its more affordable. If we tell people that there are more accommodations, the space is smaller but people pay more money. The subdivided flats aren't only in the old buildings, but now they are in the high rise or in the shopping mall which are in the urban slum and even some factories. This is one reason the subdivided flats are now so widespread and so extensive.

**Housing Group:** Because the government limits the actual amount of land allocated for new buildings and construction would you say that also contributes to the problem too?

**Mr. Lai:** Yeah. And also that most of the land they are using to build up private housing, especially the new luxury flats. So we have land but we are allocating it for luxury housing and private residences. So if you are not allocating it for public rental housing so that the price becomes less and less. They are saying they don't want to build public housing in these kinds of areas, in the local district areas. They say that the district counselors object. If you check all the documents in the legislative council, they say that nearly every district councilor objects to building up public rental housing in their district area. The reason why this happens is because the district councilors want the votes from the middle class. Middle class people do not want to have public housing next to them. They all appear to want more public housing, just not in their district. They think other areas are better. They don't want the values of their housing they have going down. Then people would say "oh you are living next to public housing, your housing price will drop." So, then there is empty land, people say they should build on top or something else. It is better than building up public housing. People start going to their district councilor saying they object. And then the district councilor, since they want their votes for the next election, they say if you object, we will object. Then they cannot build because the district councilors object. Because of this, they cannot enforce this type of building public housing in most districts.

**Housing Group:** Who would you say are the biggest stakeholders for the subdivided issue itself? So who would you say has the biggest sway on actual change?



**Mr. Lai:** You mean how can we change these kinds of situations? I think that the government needs to do something. The government should be the one to take up the lead and do something. I mean the administrative department, the chief executive and also those officials and because they have the highest authority to cut laws and make change. The legislative council in Hong Kong can make objections but cannot put up new laws. The law enforcement is not on their side. So the administrative part of the Hong Kong government should take up step up to solve the issue.

**Housing Group:** From your study, what would you say the biggest problems you guys observed with subdivided housing are?

**Mr. Lai:** In our study we are saying that there are safety issues and the affordability of these. We found that the rent and income ratio was very high. People are giving nearly 30 or 40 percent going to their rent. But I think another issue is that when people are living in this kind of environment, what we find is not only the safety issues but the issues concerning the youngsters. If you are living in congested homes and a dense environment, I think that the children over there cannot learn much. If you do not have a good environment, they do not have a suitable environment for learning. Even the health issues, they are already practically cooking on the toilet, this is not sanitary. We have videos saying that a kid cannot define life. They just put the mat on the ground. So when the teacher says this is a bed with four legs and then we have a mat on the floor. And the kid says but at home our bed is not this. I think that the children living in this kind of environment is not only a safety issue but also putting an obstacle for their growth. I think that this is more intergenerational. It is not only affecting this generation but the education and development of the next. I think the government needs to do something.

**Housing Group:** Are there any current policies in place that you think the government has to try and fix the issue? From our research, we found that the government will find a cage home in an industrial building and will evict people which will ultimately not help the problem. But they have made more reactions from some incidents like an elevator or something falling like that. Would you say the government has made any actions that have been successful?

**Mr. Lai:** I agree with what you are saying about how they are reactionable, when they think about how many people are living in the subdivided flats and factories, they just go to the factory and then they say you are living in an illegal structure and you need to move out. I think that this can't help the situation. What the government can do is just increase the number of public rental housing they have. I can see that the government is saying that they are looking for empty lands in the districts and I think they need to check for lands that aren't being used and need to put them out and build up the public rental housing there. This is one measure that they can cover. But it is still a long time to build the flats. We are talking to Professor Anthony Cheung, the secretary of the bureau. They say that they don't consider the constraint to the landlord and tenants. They need to at least consider so then we can discuss which constraints to have. And whether it is possible that transition of people can happen. You can see that in the newspaper they definitely would consider it but I think the government is still

testing out the water. They are saying they are trying to run some transitional housing. I think that the government is trying to test whether it is acceptable for the public. This is kind of a trial. I think this is another issue, another measure that when people are living in sub housing, to move out and move to this kind of government run transitional flat. And also we have maximum number of this kind of flat. When there is this kind of flat and then subdivided flats, the price will slow down. If you paid this same amount, why wouldn't you live in the other housing? Then we can balance out, or at least slow down, the rising of subdivided housing.

**Housing Group:** Where would you say then that the government's position officially would be against with subdivided units?

**Mr. Lai:** I think the government is saying that this is a market and supply and demand issue. When you see the newspaper reports, the government will look into the flats but they haven't said anything of what they can do. They are trying to say well if you live in these flats, it is illegal and the landlord or owner has to fill application to move them out because they are not obeying the law. So it's illegal. That's the government's official position, to say that. But what we are seeing that they are not considering the people who live in there. When they move them out, there is nowhere to move them. But those people who are moving out, where can they live? They need to find a place, so they move to another subdivided flat. In a more hidden flat, whether it is a factory or something else.

**Housing Group:** So do you think that the government is consciously ignoring that or not doing enough on purpose? Or is there just not enough that they can do?

**Mr. Lai:** The government doesn't know what to do. Or they know what to do but do not have the confidence or guts to say we need to do this and review the orders. The business side or the commercial side, they say well if you are in a flea market, you should not put up any revision to the market; it is not fair to us. So they need to face that kind of pressure from the government's side. If you are in the government side you need to have the guts to say no to those kinds of people.

**Housing Group:** Chief Executive Leung in his annual address a few weeks ago mentioned that for his administration that housing was going to be a chief priority. Would you say that his plans/statement will be acted upon or is it more just of a show of face?

**Mr. Lai:** It is more of a face and also they need to try to buy more time. When you see that in the address, you do not see any concrete plan or concrete measure. But the Chief Executive was saying that they have an understanding of a long term housing policy. So all of the proposals and all of the studies have been done by then. This kind of situation is not the first day when it can be fixed, but it should take no more years of this kind of situation. You can launch/recommend any kind of measures, you don't have to wait for the study of a long term housing study group. The people who are living there are working 24 hour days, 7 days a week. It's a long, long time for them. When they are living there they have the problems of health and

safety and every kind of issue over there. So they cannot do anything. The government has to do something to try and help them.

**Housing Group:** You mentioned that a chief recommendation from your group is to build more public rental housing. What would you say as far as short term that the government should do to at least start to fix this situation?

**Mr. Lai:** In the meantime, we are proposing a transitional housing flat. We are focused or stressed that some people are saying that we already have this kind of transitional flats but that all these flats are in the New Territories. Those existing transitional flats are in buildings are narrow and rundown. Well it's better than the subdivided flat in the city center. Some examples are that the doors of the toilets are quite small and you can hardly get in. And in general that these flats are rather small. And we are saying that if we have a transitional flat, it must be in the city center. It is convenience for the people that are already living in those areas. They need to be situated in the center. And also they need to have affordable rent and to be in reasonable areas. This kind of transitional flat is acceptable for us. We think that if there is this kind of flat that they can be modified from a factory or government building or school. All kinds of these buildings are acceptable for this type of transitional flat. And also, we are saying that if we have this kind of transitional flat, we need to have social housing management schemes. We are copying from Britain or other European countries. There are tenants and have more rights or more voice in the management of the housing. When you are renting public housing, its managed by the housing department. As a tenant you can say nothing about the environment or the management or anything about the place you live. If you are living in that environment, you should have a voice to say what you want and what your expectations are to the management groups. The managements should operate under your supervisions. This would give the tenants more rights and make it a better environment for them. If you have transitional flats, it needs to be operated by the government and also by the NGOs in the social housing management schemes.

**Housing Group:** Would you say that there is a high enough majority of people in these areas are qualified for public housing?

**Mr. Lai:** I think that most people who are living in subdivided flats are qualified for public housing but still some are choosing to live in the subdivided housing. Most of them because they know that if they get into public housing, they might be moved too far away from the city center. People rely on their jobs or the opportunities in the urban areas. They need to live in the subdivided flats because they do not have the time or money to travel from the public rental housing in the rural area to the city center. So still, some people are living in sub flats might not be fully eligible. And other people who are new arrivals and have not been here for 7 years are not eligible. As I said it there are 150 people moving here from mainland every day to here. What they have to do is live in the subdivided housing because they are not citizens for 7 years yet.

**Housing Group:** For those people that aren't qualified, either new immigrants or people who are above the income level, subdivided units obviously aren't an acceptable place to live. What would you recommend the government should do as far as fixing their situation?

**Mr. Lai:** I think that the government should consider whether 7 years is a reasonable time for people to wait. Especially if they have husbands or partners who are living in Hong Kong for more than 7 years, they need to consider that this is still reasonable that their spouse still has to wait. For those who have higher incomes than the eligible number, wherever you have a line, some people will be located in the higher end of the mark. I think that they cannot escape from this type of situation. What they can do is they need to look at it case by case. If there are any special reasons, like if they have a higher income and are still living in subdivided flats. If they choose to live in this kind of environment, it is their freedom of choice. If they have no choice but to live there, the government needs to do something to help them.

**Housing Group:** How would you characterize the methods of your study?

**Mr. Lai:** We are trying to use custom sampling. First we tried to have 6 districts and then in every district we had to try to find buildings older than 30 buildings. We used a random sampling approach to get a sampling from those buildings. I think still because we have limited resources we cannot do a totally random sample to have more representable findings.

**Housing Group:** You mentioned previously that the district councilors were looking for votes from middle class, where would you say general opinion of the public is? Would you say they are very different among the classes or is there a general consensus across the classes?

**Mr. Lai:** I think that most people are not concerned about subdivided flats. Most working class people are quite busy in their living so they don't have much time to voice out their opinion. So in the mainstream or the public opinion, you just say nothing. Because it's not their concern, it will not bother them. People who are living in the subdivided flats will not bother the people living in luxury flats or middle class housing. You may say that if people are living in an urban area underneath the subdivided flats, you might be affected. But people living in the urban areas, most of them their voice can hardly be heard. And so, people who live in the subdivided flat, they are busy in their living. So in the mainstream public, people are saying that if the government is doing something to take care of it, they don't have to have any opinion or a strong view for the subdivided apartments. Whenever there is an incident, they say that the government needs to do something. But then after those incidents they say nothing. The government doing anything is good. When the government does nothing, it is not their concern because they are in the mainstream. The public sees that what the government is doing is not good but not doing anything is not bad.

**Housing Group:** Do you think that if the mainstream public got more on board with demanding change in subdivided housing, do you think the government would respond with more widespread change?

**Mr. Lai:** I think that if the public can say more and have more of a voice of concern about health or safety issues, then the government needs to do something. But there needs to be caution because what the government is doing is illegal, kicking people out. We need to do something to help them. There are different views or approaches that people are indifferent and if they say that it's illegal they just need to kick the people out but then they are responsible for them. They need to know the consequence. If they tried to use this approach, there will be people kicked out. They are saying that this is not our problem. It is the housing policy problem and by any measure, they need to help them.

**Housing Group:** Do you think that if the government put more responsibility back on landlords to keep their buildings more habitable for people living in subdivided units, there would be any kind of change?

**Mr. Lai:** I think this can help a bit. But when they are forcing this constriction on the landlords, the consequence is that the rents would increase. If you need to have a reasonable space, if I am the landlord, I say I need to have 10,000 per month. If you can't divide it into as many sections, they will increase the rent to get a higher profit like before. This kind of law enforcement would increase the rent. But people who are in the low income group cannot afford it. So they need to find out another way. The government and law enforcement cannot fully cover all of Hong Kong. Still some place will have illegal structures and illegal divided flats. So people would move out to those areas. If the public rental housing was not keeping up at a reasonable number for this demand, then the subdividing would still exist. If the government only enforced reasonable space to landlords, it would not help.

**Housing Group:** Do you think if the government were to start enforcing restrictions on living conditions in these buildings, but if they offered some sort of incentive to landlords through subsidizations or renovations, that might offset their likeliness to raise the rents?

**Mr. Lai:** This kind of measure is possible. But the government is saying why do we need to help these landlords. It is a private issue and not our responsibility. The government is saying it is not their obligation to help those landlords. Is it a possibility that the government can help those landlords while using the effects to help the low income group? They make using tax subsidies if you are renting those people on CSSA or the low income group. Then you can have some tax subsidies. This type of measure would be encouraged so the landlords can still offer reasonable rent prices for them. It's not a strong measure, but it happens on the island that the government use the tax subsidies while renting to the lower income group. I think it can be another way to help those people living in subdivided units.

**Housing Group:** Do most of the people living in subdivided housing already receive the CSSA?

**Mr. Lai:** I think most of them are but some of them still are not.

**Housing Group:** Why wouldn't they?

**Mr. Lai:** Because they haven't been living in Hong Kong long enough or they have a bit higher income than the requirement. And also if you are on CSSA, the labor effects are still quite strong. People might say that you are lazy and this kind of image is still in many people's mind. It is a sense of pride.

## Appendix K: Timeline of Events Documented by the SCMP



