

Social Implications of 50 Years of Public Housing Provision

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Scale of Public (Rental) Housing provision

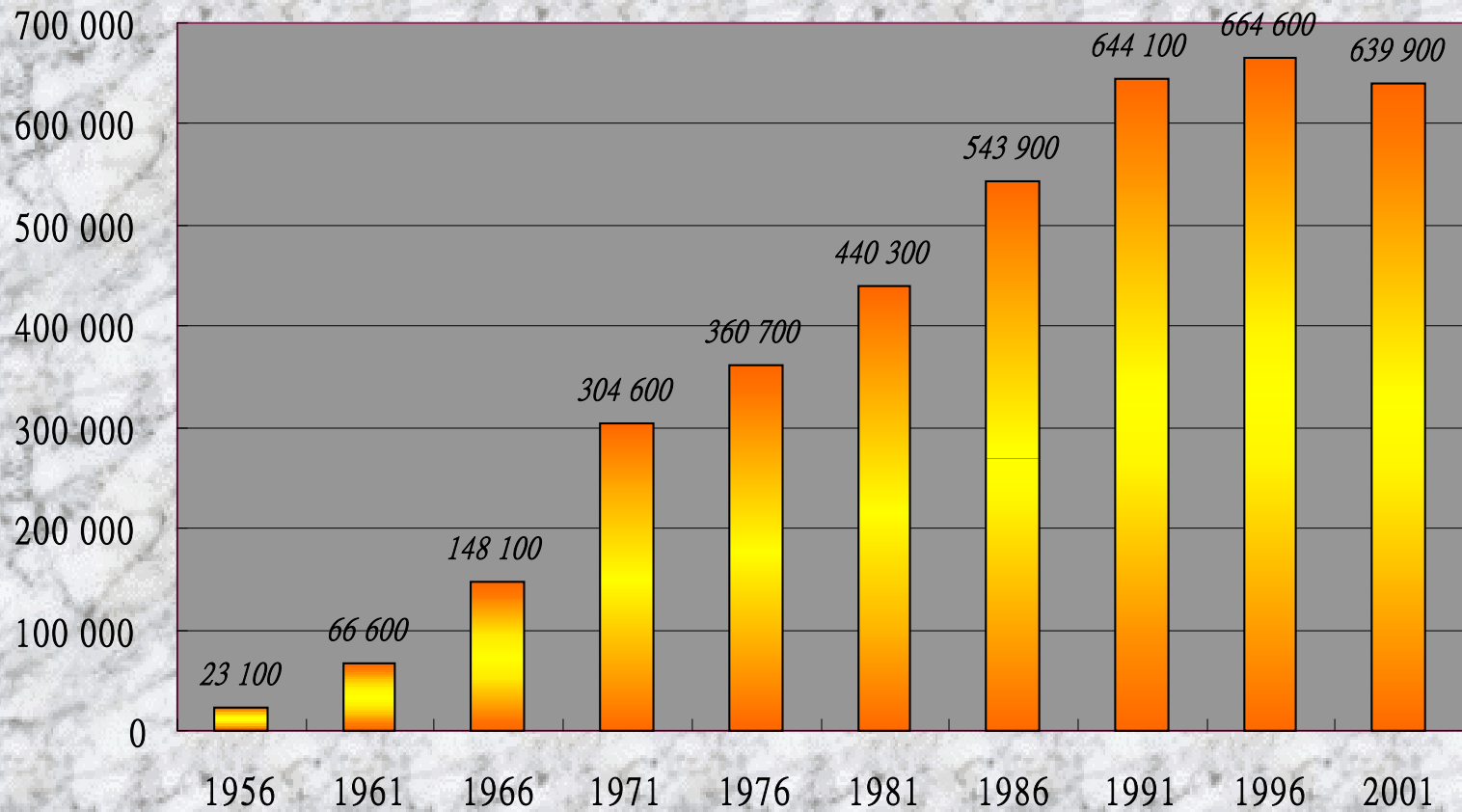
spectacular increase in the total production of PRH flats in the 1960s and 1970s: doubling every 5 years;

eventually reversed in the mid-1990s;

with net decrease of 4% in the period 1996-2001.



No. of PRH Flats 1956-2001

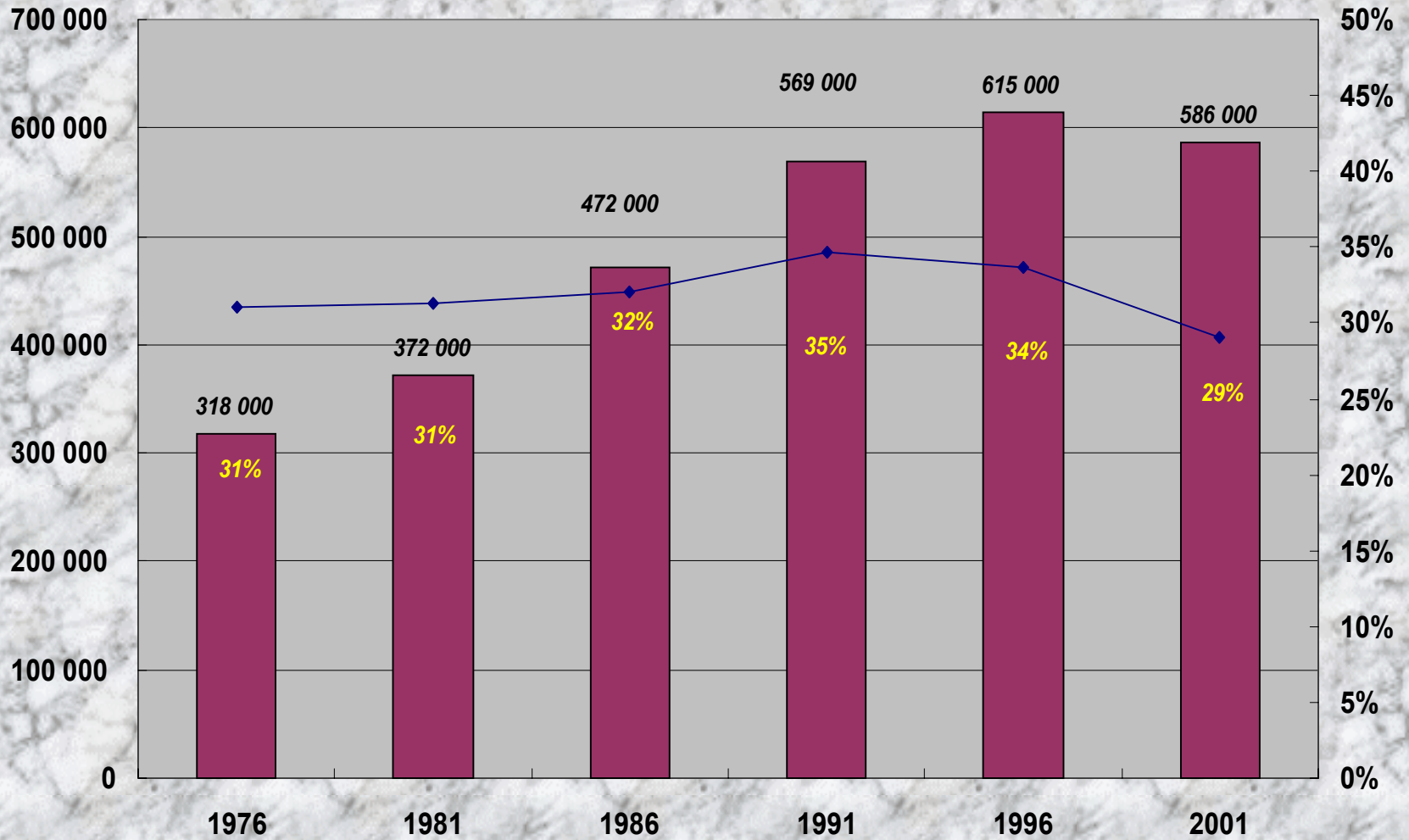


Scale of PRH provision

- **total number of PRH households:** increasing since the 1950s, but started to dwindle in the late 1990s;
- **proportion of PRH households in HK total population:** also increasing since 1950s, and reached a peak of 36% in 1991, but eventually tapered off from the mid-1990s.



Number & Percentage of PRH Households 1976-2001

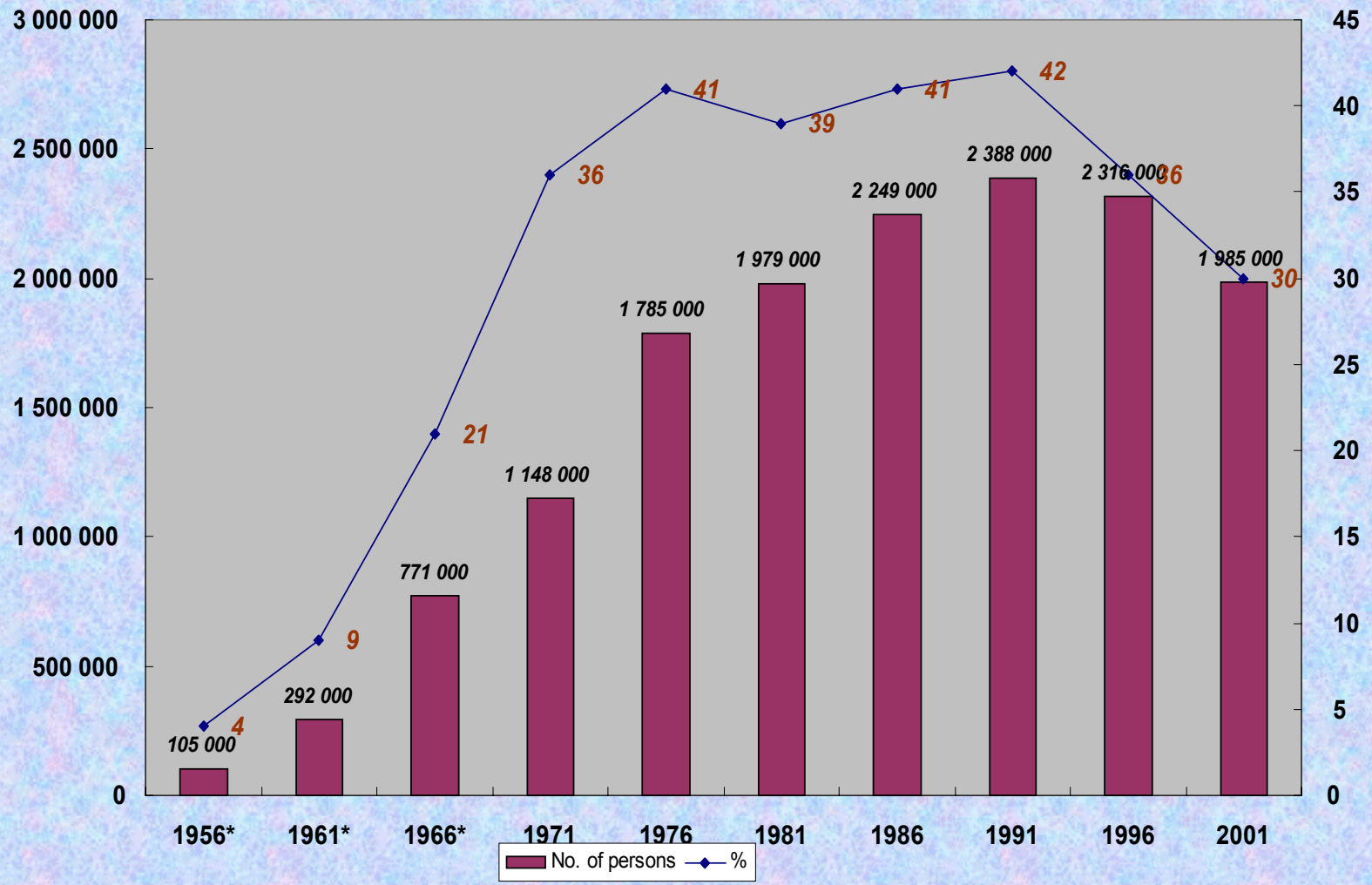


Scale of PRH provision

- **PRH residents (numbers):**
 - increasing since the 1950s (105,000 in 1956);
 - reached a peak in 1991 (2,388,000);
 - only reversed in the mid-1990s.
- **proportion of PRH residents in the total population:**
 - increased continually from 4.2% in 1950s to a peak of 42.1% in 1991;
 - but started to drop since 1996



PRH Residents & % in Total Population



Functions & impacts of public housing provision

- The provision of public housing in a large scale for the people by the government has served a host of social, economic and political functions in the past 50 years.



Economic function: labor supply for industrial development

- **1960s : eastern & western Kowloon public housing estates → labor supply for nearby factories (e.g. KwunTong, Cheung Sha Wan)**
- **→ facilitated HK's industrialization**

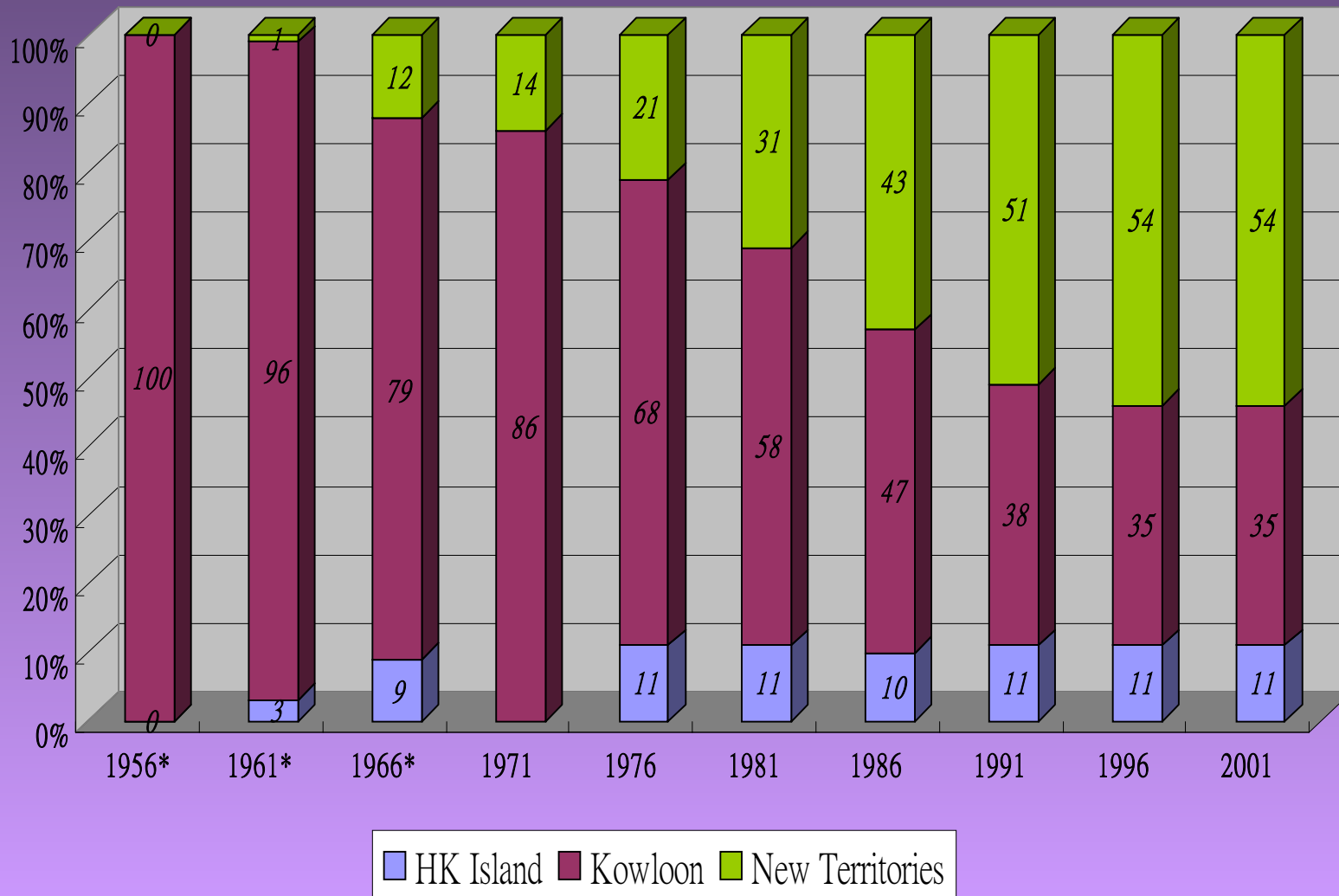


Spatial (re)distribution of population: public housing moving to New Towns

- **1970s: with 'New Town' policy & 10-Year Housing Program: an increasing trend of PRH population moving from HK and Kowloon to the New Territories.**



Geographical Distribution of PRH Residents (%)



Public housing moving to New Towns

- [PULL factors:]
 - reduced waiting time of application;
 - lower rents
 - → attracted young couples to move to the new towns PRH estates & leave the parent family in old urban area.



Public housing moving to New Towns

[PUSH factors:]

young families

- to evade from overcrowding in the original PRH household;
- forced to quit from their original PRH tenancy due to the policy of retaining only one married child in the parent family, or
- to evade the “well-off tenant policy” by separating from parent family.



Impact of public housing moving to New Town

- **at individual family level:**
 - increased transportation cost → greater household financial burden;
 - increased traveling time → reduced leisure time and opportunity for family members to get together;
 - → family problems: marital discord, poor parent-child relationship, juvenile delinquency in new towns.



Impact of public housing moving to New Town [con'd]

- **At community level:**
 - **new town PRH estates: residents come from diverse background (e.g. general waiting list, Comprehensive Redevelopment Program, development clearance, etc.);**
 - **→spirit of mutual help could hardly be developed among residents not acquainted with one another;**
 - **→lack of community cohesion nor trust among the residents.**



Impact of public housing moving to New Town [con'd]

- As a result, the prevalence of alienation, high crime rate and family problems in the new towns (e.g. Tuen Mun)
- ***“loss of community”*** in those haphazardly developed communities (Chui 2003)

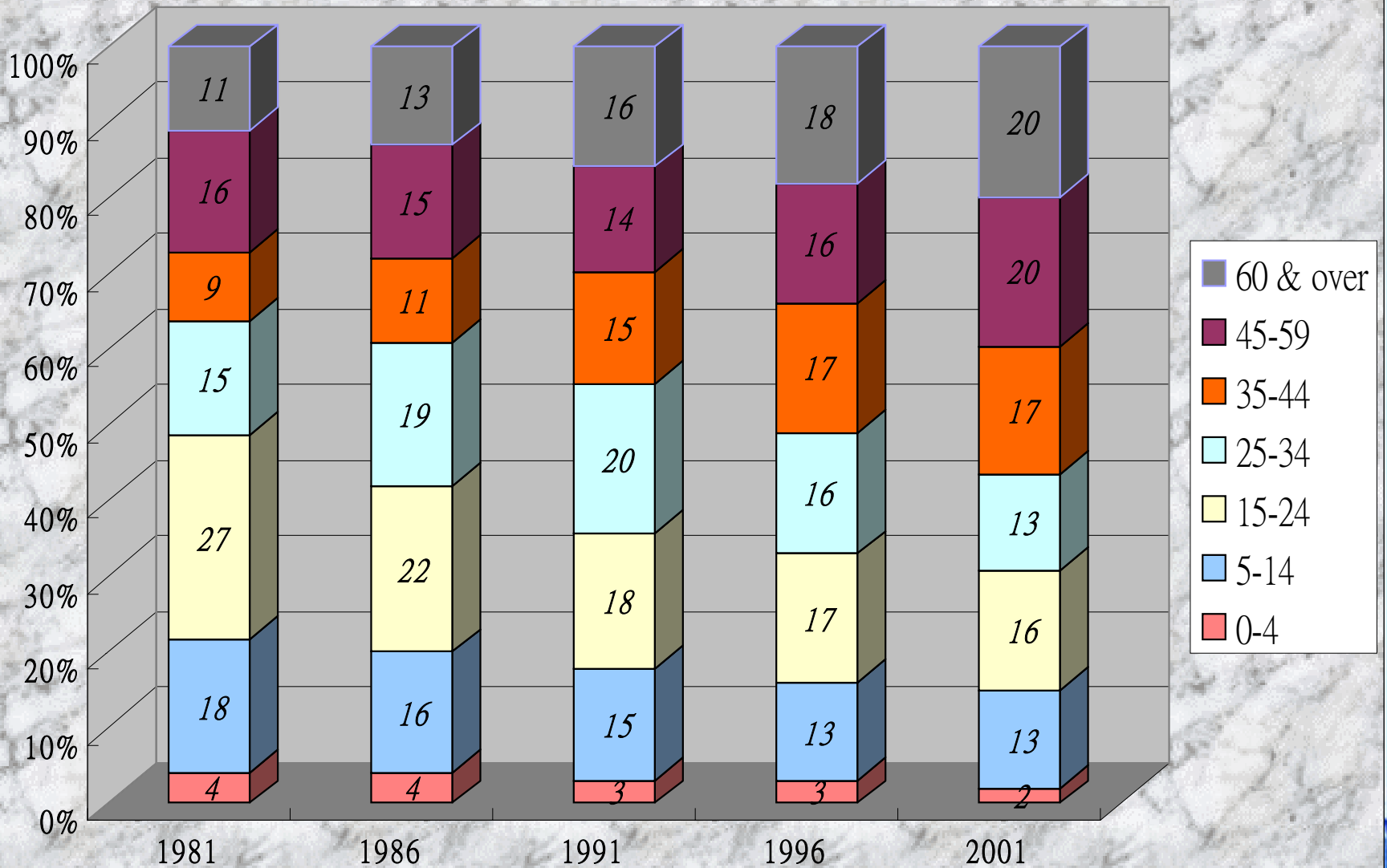


Impact of public housing moving to New Town [con'd]

- old PRH estates in KIn/HK urban districts become “aged estate”, or “*naturally occurring retirement community*” (NORC);
- serious problems e.g. increased incidence of crime, accidents involving the frail and lonely elders, heightened demand for elderly services.



Age Profile of PRH Residents 1981-2001



“Aging” of public housing estates

- **The decrease in the proportion of young people aged <24, and 25-34 age groups in PRH estates:**
 - **grown-up children move out (to private housing) upon marriage;**
 - **or change their tenure to home-ownership;**
 - **or move out to avoid being categorized as *“well off tenants”*.**



“Aging” of public housing estates

- policy measures added to the acceleration of the “aging” process of the PRH population:
 - The HA has since 1979 implemented the *Elderly Persons Priority Scheme* (i.e. 2+ related or unrelated elderly persons aged 58+, who agree to live together, would be provided with a PRH unit);
 - Government promotes home-ownership (e.g. thru’ HOS) → splitting households



- **Government promotes home-ownership :**
 - **1976 *Home Ownership Scheme* (HOS) 154,800 PRH tenants shifted to HOS through “green form” (up to 2002);**
 - **1988 *Home Purchase Loan Scheme* (HPLS) 32,136 PRH tenants have benefited (up to 2002)**



"Aging" of public housing estates

- 1985 onwards: HA provides and manages "*sheltered housing*" for the able-bodied elders in PRH estates → increase of elderly population
- clearance of squatters, THAs, Comprehensive Redevelopment Program of old PRH estates → produce a large demand for resettling affected elders in PRH estates.

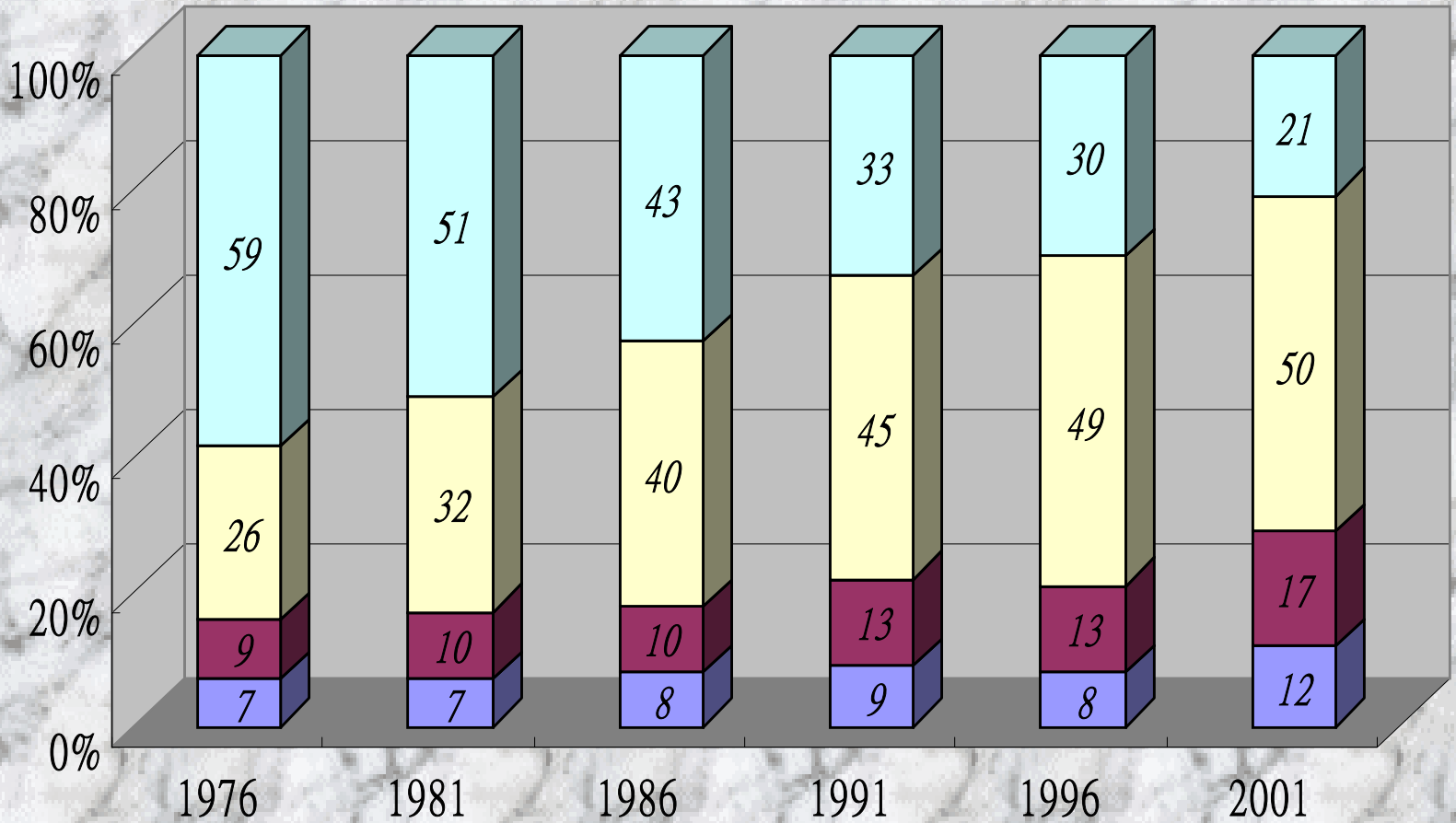


Changing family structure & functions in public housing

- decrease in the average household size of the PRH households:
 - 5.3 (1981) → 3.4 (2001)
- steady increase of singleton households:
 - 7.2% (1981) → 14.5% (2001)
- gradual increase of nuclear families:
 - 61.0% (1981) → 75.1% (2001)
- steady decrease of extended families:
 - 16.4% (1981) → 0.2% (2001)

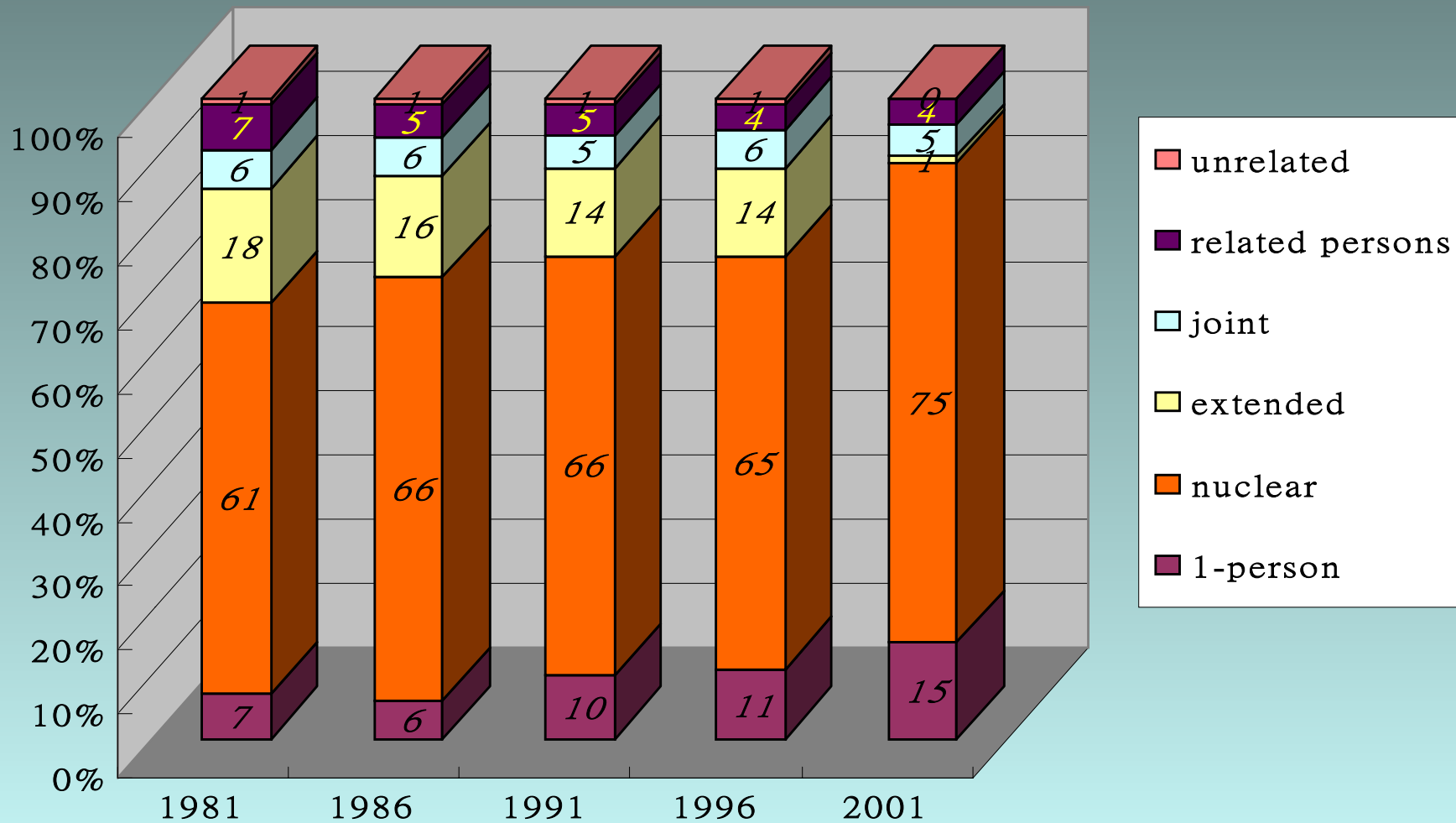


PRH Household Size 1976-2001



■ 1 ■ 2 ■ 3 to 4 ■ 5 or more

Family Structure of PRH Households 1981-2001



Changing family structure & functions in public housing

- decreased household size and “*nuclearization*” of families:
 - → lack of family members to share responsibilities of care and support for children and elders, household chores;
 - → possible weakening of familial support within a household;
 - → weakening of inter-generational relationship;



Changing family structure & functions in public housing

- **most critical for dual-earner families**
→ **left-alone children vulnerable to household accidents, crime and other dangers;**
- **increase in singleton and elderly couple households:**
 - **elders: physiological deterioration and self-care ability weakens – but lack family support → vulnerable.**



Changing family structure & functions in public housing

- **weakening of familial support highlights the crucial role of neighbors, as viable substitutes for immediate family members in providing tangible assistance and intangible support to needy or at-risk families;**
- **but weakened community cohesion & support in “aged estates” and New Town estates → “community care” not viable.**



Socio-political functions of public housing provision

- satisfied with the Chinese traditional aspiration of securing a living place, which has been regarded as a precondition for a good family and people's struggle for a living (the Chinese saying “安居樂業”);
- people's housing need was satisfied through government provision → higher confidence towards the administration → buttressed regime legitimacy (esp. in the aftermath of the 1966 and 1967 riots).



Economic functions of public housing provision

- **low housing expenses → enabled PRH households to have higher disposable income for consumptions in non-housing aspects, & accumulation of wealth through savings**
- **→ indirectly buttressed the economy**



Economic functions of public housing provision

- the low housing expenses relieved the PRH residents of the pressure to demand for high wages from their employers;
- → contributed to lower labour cost especially during the 1960-70s when Hong Kong was undergoing industrialization and economic “take-off”.



PRH Rents

- **1976, majority of PRH households (48%) paid <\$50/m**
- **1981 (34.5%) \$100-199/m**
- **1986 (30.2%) \$400-599/m**
- **1991, 1996, (30.8%) \$600-799/m,**
- **2001 (61.7%) \$1,000-1,999/m.**
- **median rent-to-income ratio in PRH households has shown a steady increase:**
 - **1981 (5.2%)**
 - **1986 (6.7%)**
 - **1996-2001 (8%)**
 - **2003 (>10+);**



PRH Rents

**But still, PRH rents lower than private/
market rate:**

- there are estimates that rents for PRH estates built in the 1960s only constituted 42.8% of market rate, those built in the 1990s accounted for only 7.3% (Hui et al., 1999);
- **public sector rents constitute 25% of equivalent private sector accommodation (Lau, 1997).**



PRH Rents

- **rent-to-income-ratio (RIR):**
 - **PRH tenants vs private housing tenants:**
 - **PRH 6% vs private 25% (Housing Authority, 1995);**
 - **PRH 15-18.5% vs private 64-73% (HK Policy Research, 1998);**



PRH Rents

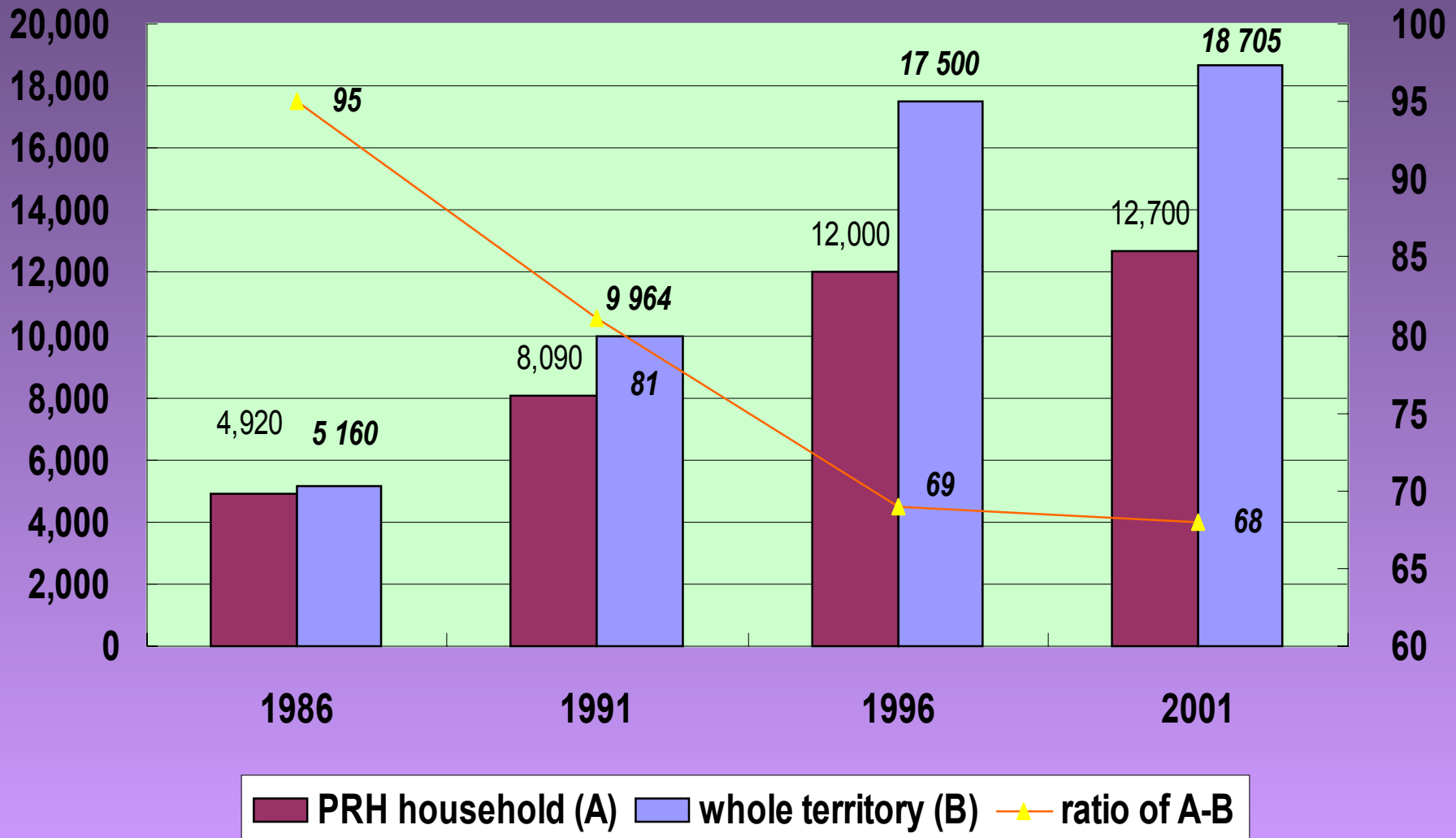
- **2001 Census, median monthly domestic household rent & median rent-to-income ratio (MRIR):**
 - **PRH flats vs private residential flats (whole flat)**
 - **1991: \$669 (7.7%) vs \$3,500 (23.5%)**
 - **1996: \$1,132 (8%) vs \$6,500 (26.2%)**
 - **2001: \$1,297 (10.6%) vs \$6,500 (28.6%)**

Income of PRH Households

- **significant improvement in the financial situation of PRH residents : increase in monthly household income;**
- **1976, the \$1,500-1,999 income group constituted the highest percentage group;**
- **1981, 1986: \$3,000-3,999 group;**
- **1991, 1996, 2001: \$10,000-14,999 group.**



PRH vs Territory Median Household Income 1986-2001



Income of PRH Households

- median monthly household income of the PRH residents has increased over the years, though the rate of increase has dwindled from the mid-1990s;
- though PRH allocation is based on means test, & ratio of PRH to territory-wide household median income decreases over years, there's no "*residualization*" of public housing similar to Western countries.



Controversies of “well off-tenants” policy

Origin of “well off tenants”:

- 1954-73, 232,000 PRH units allocated to victims of man-made or natural disasters, or government’s clearance operations (therefore non means-tested);
- In the same period, 116,000 units were allocated to applicants being means tested;
- 1973-94, **52%** of the 623,000 PRH units (i.e. 323,960) allocated to those exempted from income test (Lau, 1996) → potential “well off tenant” ?



- **Origin of “well off tenants” [con’d]**
 - **Low rents, increased household income → tenants accumulated wealth;**
 - **HA only started to disqualify property-owning applicants in 1983 → sitting tenants might gain thru’ property transaction → “well off”.**



Social impacts of “well off-tenant” policy

- **the policy requirement for family members to declare and disclose assets and incomes → family disharmony;**
- **the attempt to evade paying double or market rent → exclusion or expulsion of some family members from the original tenancy → bitterness among siblings and even between parents and adult children.**



Social impacts of “well off-tenant” policy

- **neighbors become suspicious of each other of being “well-off” → jealousy and hard feelings;**
- **some PRH residents vent anger on those suspected of not declaring or disclosing asset /income information to the HD → divisive atmosphere within the community of the estates.**



Social impacts of “well off-tenant” policy

- **in the process of policy deliberation throughout 1984-88, numerous protests, rallies and demonstrations staged by PRH residents and their affiliated pressure groups;**
- **HK society was divided between supporters and opponents of the policy, as well as between the government and the people**
- **→ “sectoral (horizontal) conflict”.**

Welfare functions

- **Compassionate Re-housing (CR) is a special provision of the HA to cater for the special needs of some households or families faced with critical problems;**
- **e.g. family disharmony, ill health, or other social and/or medical grounds as recommended by the Social Welfare Department.**
- **HA allocates ~2,000 units/year**



Welfare functions

- **from 1992 onwards: “rent assistance scheme” for those who cannot afford the rent of the new receptive estate to which they are allocated upon redevelopment;**
- **particularly helpful to singletons and elderly couples who have no retirement protection and are in poor financial conditions.**



Welfare functions

- a significant increase in the number of PRH tenants applying for rent assistance to relieve their financial burden. This can be attributed to the adverse economic condition of Hong Kong exacerbated by the 1997 Asian financial crisis.
 - 2000 (5,250 households)
 - 2001 (6,200)
 - 2002 (8,000)



Looking forward ...

- **Should gov't continue to be the largest landlord in HK ? – political, financial, administrative considerations ?**
- **Who should be the beneficiaries ?**
- **What functions & impacts are intended ? Un-intended ?**
- **.... ???**



THANK YOU

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