

Finalist Summaries:

Team 66:

From the outside, Hong Kong gives off the image of a hopeful promise as a highly developed region of better life in all aspects, whether that means better education, job opportunities, or overall standards of living. However, behind this image is the build-up of dissatisfaction on such high costs and frustration that has been occurring for many years. In many housing situations, it's borderline a breach of human rights, with a large sector of the population living in cage homes half the size of one's bathroom.

Looking closer, we could observe Hong Kong's housing affordability deteriorating. Hong Kong's home ownership rate is at ~50%, a number significantly lower compared to other countries with similar socio-economic settings. It also has the worst housing affordability index, at staggering 20.9. Low interest rates and land-premium costs further contribute to the surging property prices. Considering Hong Kong's heavy financial reliance on property-related transactions, there is also little incentive for Hong Kong to aggressively control its property prices. Rather, the government has focused on tackling the inadequate land supply, through projects such as Lantau Tomorrow. Accumulating demand for public housing is another problem, along with policy limitations that make it challenging to efficiently allocate the already scarce public housing. To tackle the aforementioned problems, we propose to adjust Hong Kong's tax system and relocate the elderly population.

The first strategy we propose is vacancy tax on unused units and land. If a property remains unsold for 12 months, the developer will be subject to a vacancy tax, a rate which would match the market inflation. Vacancy tax will keep speculators from sitting on these vacant units until they can rent them for a higher rate, or sell them at a greater profit when prices inevitably increase. Vacancy tax on land would also encourage developers to develop their unused land or sell to someone who will.

The second strategy is elderly relocation project. Our analysis shows that houses in Hong Kong island are far more expensive than those of New Territories (NT), yet most people do not consider transferring to NT an option due to its lack of infrastructure and the distance away from central Hong Kong (where most jobs are located). Meanwhile, the elderly population continues to grow, of which a significant portion occupies public housing in urban districts. With nearly half of those 65+ classified poor, there is also an increasing need for subsidized elderly support as many seniors cannot afford to retire. Our solution thus utilizes the existing concept of brownfield development in NT, but amends it to a more realistic option of "nudging" the relocation of the elderly (who are willing to relocate in exchange for cheaper housing), which will both support their retirement and free up existing homes in urban areas where the demand for homes among working-class citizens is much higher.

Through these strategies, we believe the government may take a further step to calm down property prices in Hong Kong, to build a more sustainable future for all.