

Hong Kong's Public Housing Allocation: Challenges in Balancing Efficiency and Fairness for Non-Elderly Applicants

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Abstract. Having one of the most unaffordable property markets in the world resulted from the government's decision to lower taxes and generate revenue through land sales. However, unaffordable housing is one of the main contributors to social issues such as a record low fertility rate. The Hong Kong government offers residents public rental housing units through its Long-Term Housing Strategy (LTHS). However, the system is far from equitable or fair. The government deliberately limits the number of available housing units for non-elderly single applicants to discourage them from relying on government help but to move up the social hierarchy through their efforts and ability through the Quota and Point System (QPS). Using the data provided by the Hong Kong Housing Authority for different applicant groups over the past few years, it is patently clear that the current QPS system is neither efficient nor fair since the average wait time is six years and the quota is limited to 2200 flats a year, a mere fraction compared to the number of applicants. The paper also explores whether there are better alternatives by comparing the housing solutions to Singapore's Housing Scheme. It offers suggestions on how the government might improve its QPS system.

Keywords: Quota and Point System (QPS), Long Term Housing Strategy (LTHS), Quota and Point System (QPS).

1. Introduction

Despite its lofty epithet of "Pearl of the Orient", Hong Kong as a financial entrepot that bridges the proverbial West and East hides a dark reality beneath its veneer of capitalistic success. 20% of the city's residents live in abject poverty, and nowhere is that reflected more starkly in the living environments. According to CBRE Properties research [1], Hong Kong still holds on to the dubious distinction of having the most expensive residential real estate in the world, and those who live in poverty are condemned to live in "cage homes". Nearly a quarter million residents live in these subdivided flats as little as 12 square feet - smaller than standard zoo animal enclosure as mandated for animal welfare law.

The dark spectre of the housing crisis is the confluence points of a myriad of historical, governing and geographical factors. Notwithstanding the land scarcity due to its mountainous region, governmental policy of restricting available land usage contributes significantly to the bottleneck in residential housing [2]. The supply is purposely kept low to elevate the land prices that account for 17% of the city's total revenue. As such, the government has a quota of how much to sell. Up until now, only a third of Hong Kong's available land has been sold. Meanwhile, the government has been trying to alleviate the suffering of the people through building council housing.

The Long-Term Housing Strategy (LTHS) to solve the Housing Crisis revolves around building more public rental housing, subsidized sale flats, and releasing more land in ensuring adequate supply of private residential homes. Public rental housing is by far the most impactful because as of 2022, 30% of all Hong Kong residents live in public housing provided by the government. Even though the number is high, it is still inadequate to accommodate all the applicants in Hong Kong. However, the wait time for public residential housing can last as long as 6 years due to the low supply and high demand.

To manage the high demand in the number of applicants, the Hong Kong government instituted the Quota and Points system that takes account for one's age and family situation; generally, an older applicants would have more "points" in the point system to gain priority over those with lower "points"

to qualify for the housing quota of a given year. The system is evidently prejudiced against younger single applicants. The government's rationale for such a decision is to discourage early applicants and to encourage social mobility. However, it leaves hundreds of thousands of young, single applicants without an affordable home, who have to either live at home with their parents or to live in a cage home. The social dimension of housing is paradoxical since the government wants young people in Hong Kong to have children to boost the world's second lowest total fertility rate of 1.0 while at the same time, the lack of prioritization of young singles makes starting a family difficult, since QPS is only 10% of the housing total [3].

This factor begs the question if the government's plan is equitable and if there is no better way to resolve the inherent tension in the lack of housing and the desire for young people to start families. The second part of the question is to maximize efficiency by reducing the wait times for young, single applicants without compromising the older applicants. Finally, this paper seeks to offer solutions by comparing Hong Kong's housing policies with similar countries of Singapore, such as providing Joint Single Schemes which allow for residents to buy.

2. Examining the quota and points system

The Hong Kong government first realized the housing problem. It introduced the Quota and Points System (QPS) in September of 2005 to facilitate allocating Public Rental Housing (PRH) to non-elder single-person applicants. Simply put, an application receives more points each year if registered successfully. Applicants who are 18 would receive 9 points. Each subsequent year, they receive nine more points until the point system reaches the maximum 369 points, accounting for a one-off 60 bonus points once an applicant reaches the age of 45. The system is meant to prejudice younger applicants since the more points an applicant has, the more likely they are to qualify [4]. This means someone who is under the age of 45 would virtually have no chance of receiving the PRH quota. However, the biggest challenge for this scheme is the actual quota. The Hong Kong Housing Authority has set the quota of QPS to be only 10% of the total of all PRH available, with a hard cap of 2,200 flats. This means that in 2023-2024, there were not even 2,200 flats filled since only 1,800 were allocated to non-elderly sing-applicants [5].

As of the end of 2025, the number of non-elderly one-person applications under QPS has been reduced by as much as 40% to only 57,000 applicants from the peak of 143,700 at the end of 2015 [6]. Many factors may have contributed to these sharp declines, such as emigration, population stagnation, or simply applicants being deterred by the long wait time of an average of 6 years of the QPS system, even when they are over 40 [7].

Many of the QPS system features are lauded by the government as ensuring fairness and equity by considering age and waiting time and their mandate to support older individuals [8]. The point system that prioritizes older adults also serves to discourage early registration. The government wants to promote social mobility by encouraging younger applicants to look for employment and other means. Furthermore, the government has also increased annual quotas from 8% to 10% of the total PRH units to accommodate non-elderly and single-person applicants. However, a closer examination would reveal the apparent flaws of the system.

The system is nominally meant to help younger people because older people already have their separate scheme, and the wait time for that is relatively much shorter at only 3 years on average [9]. The government also seems determined not to prioritize the younger people since an applicant under 30 rarely receives PRH, given the high number of applicants and the hard quota. The long wait time and the uncertainty make making other decisions challenging. The worst of them all is the shallow claim on fairness and equity when the young people are being discriminated against and mistreated the point system and even the limited quota are set up [10]. This begs the question, is there no way to fix the system? And what are the long-term impacts on the mental health of the younger applicants?

3. The impact of Hong Kong's quota and point system on its low fertility rate

While it is perfectly reasonable for the Hong Kong government to prioritize older adults in making sure that they receive priority when it comes to housing, serious social repercussions can result when young Hong Kong singles do not have a home and are forced to live with their parents. One of the most severe issues that because of this is the low total fertility rate of Hong Kong.

Hong Kong has one of the lowest fertility rates in the world at 1.0, almost half of the replacement level of 2.1 children per woman. One of the main contributors to the low fertility rate is the lack of housing to raise their children. This could be attributed to the rising housing prices. Holding the dubious distinction of having the least affordable housing market in the world, many single Hong Kong couples are holding back marriages and raising children. Many couples have voiced their concerns about raising children in cramped spaces where they worry about the children's physical and mental well-being. Many are also forced to live with their parents, which would render raising children untenable since that means three generations of the family must live in the same flat. According to a study done by the Chinese University of Hong Kong, while a negative correlation exists between rising house prices and the fertility rate, this could be explained by other factors because housing prices impact people's willingness to give birth and raise children. For example, the study cites other variables, including the fact that female labor participation reduces the couple's ability and desire to have children since they have to work hard to afford a mortgage or rent [11].

Taking one step further, since the quota and point system under question only applies to non-elder and single applicants, being unable to afford a PRH themselves also contributes to a massive problem for them. Not only are the younger adults not receiving adequate help from the government regarding housing, which is the most unaffordable in the world, but they are often stuck on false hopes of waiting for years. The economic gaps this opens up due to the financial instability of renting private properties or taking out a burdensome mortgage massively disadvantage the younger generation of Hong Kong youth. Moreover, the perceived favoritism towards older adults also leads to much tension that reflects Hong Kong's worsening demographic trends; there will be more older people, with almost half of the city's population over 40 and above [12]. In this grey economy, the youth will have to shoulder the social burden of tax responsibilities while being made to wait under the point system. The perceived inequity will naturally worsen as there are more older people than younger people. The system must change so the young people feel the government is on their side.

Much of the simmering anger also has to do with the rigidity of the system that ignores young individuals with emergencies such as domestic abuse, pressing health issues, or homelessness. Suppose the government wants to encourage them to work hard for social mobility. In that case, not providing them with tangible help in housing also makes their social mobility difficult, resulting in the undesirable and unforeseeable consequence of keeping them marginalized. The more tangible downside is that the younger individuals delay their marriages later.

4. Policy discussion, comparison and improvements

Given the myriads of social disadvantages of QPS, the next most logical question is if there are ways that the QPS system could be improved. Singapore shares many similarities with Hong Kong in that they are both small enclaves of Chinese ethnicity and former British colonies. Singapore is even more naturally disadvantaged than Hong Kong in that it is only 65% the size of Hong Kong. Despite both being prosperous cities, Singapore's urban housing situation is the envy of Asia, especially compared to the cage home horror stories in Hong Kong.

Singapore's public housing system is superior to that of its Hong Kong counterpart in terms of the number of available apartments and the homeownership rates of young people. Over 77% of the population lives in HDB-subsidized housing, with the government providing various options, including working directly with developers to produce build-to-order (BTO) flats, with subsidies discounted at market rates [13]. Singapore also prioritizes families receiving housing by setting aside over 95% of 4-room flats for families under the BTO scheme, leading to a shorter waiting period of

2-3 years. Furthermore, their pro-natalist policy is also linked to families receiving their flats, where first-time families receive over 230,000 SGD from the government.

However, the most significant difference between the two cities, and the crucial point that Hong Kong can learn from Singapore, is the treatment of non-elderly sing-persons. The Singaporean government offers 2-room flexi flats or three-flat options for these young people. They also receive money from the Central Provident Fund in Singapore for buying flats [14]. The waiting time is also mere weeks instead of years in Hong Kong. As such, Singapore has the best result from its pro-natalist policy, and they have prioritized helping citizens, both young and old, families, and single persons to receive housing and shelter. Singapore's housing market is stable and under much less stress than Hong Kong despite having more land to build on and a comparatively higher foreign currency reserve in its funds than Singapore [15]. The aggregate of these differences begs whether Hong Kong can emulate Singapore and solve the pressing housing issue that has plagued many young people for years.

Fundamentally, the difference between Singapore and Hong Kong is that the former has continuously operated on the principle of providing for its people. Under the benevolent dictatorship of Lee Kuan Yew, he wanted "a home for everyone" in Singapore. He heavily subsidized the purchasing of homes to ensure that everyone could live in a house that was comfortable and suitable to their needs in terms of size for different groups of family members [16]. The Home Ownership Scheme was introduced in 1964 specifically to solve the housing shortages in Singapore. Singapore's Housing and Development Board accounted for 80% of its housing estates compared to Hong Kong, where 60% of all houses are privately owned [17]. The difference is that Hong Kong's low tax rate is compensated by selling land to private real estate developers. In contrast, Singapore does not rely on land sales. Hong Kong's tax rate is capped at 15%, but often much lower than that in Singapore; the tax, though still relatively low at 24%, helps Singapore navigate the housing crisis.

The comparative study demonstrates that Hong Kong can escape its housing crisis conundrum by emulating Singapore by setting aside more land to provide housing ownership. With its comparatively more available undeveloped land, the Hong Kong government can set aside more to build private housing or purchase estates from private owners to reallocate resources to those on the waitlist for council housing. Hong Kong would also have to raise taxes for the top earners in the city from 15% to 20% to account for the revenue loss [18]. In the long term, this can also ensure that the city will continue to prosper. A higher birth rate and more prosperous residents freed from the burden of having private housing can only contribute to the city's economic well-being.

5. Conclusion

As the current QPS is neither fair nor efficient, hundreds of thousands of Hong Kong single residents must wait at least six years to be considered. The chances are purposely low to non-existent for those under thirty, leaving them without recourse but to wait before starting a family. The Hong Kong government can try to emulate Singapore's approach to the housing allocation system as it seems more comprehensive, efficient, and equitable as the government is directly involved.

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