

## Summary of Statistics

### Study on Market Situation of Low-Income Private Rental Housing Tenants (Sep 2013)

#### Research Introduction

HKCSS Community Development Network and Working Group on Housing Policy conducted the study in May-Jun 2013.

#### Aim

- To study the market situation of low-income private rental housing tenants
- To investigate the living condition of these tenants
- To study how these tenants use the existing schemes of assistance or aids  
➔ Suggestions for improvements of the living conditions for these tenants

#### Target of Study

- The low-income private rental housing tenants who applied for “Subsidy for low-income persons who are inadequately housed” of Community Care Fund (CCF) assistance programme through the 14 Community Centres in Hong Kong. (Total beneficiary households: 25,454)  
No. of questionnaires collected: 910(Chi & Eng)

#### Background of Interviewees

Monthly Household Income(Average Median Household Income of public housing tenants: \$13,000)	\$6,500 or below	\$6,501-13,000	\$13,000 or above
Average Median Household Income of Interviewees: \$9,000	19.5%	67.8%	12.7%

Gender	Male	Female
	35.3%	64.7%

Education Level	Primary school or below	Junior Secondary School (F.1 - F.3)	Senior Secondary School (F.4 - F.7)	Tertiary Educated or above
	21%	46%	28%	5%

Age	Below 29	30-39	40-49	50-59	60 or above
	10%	28%	37%	17%	8%

Duration of Residence in Hong Kong	Born in Hong Kong	Born outside Hong Kong and have been living in Hong Kong for seven years or above	Born outside Hong Kong and have been living in Hong Kong for less than seven years
	18%	37%	45%

Member(s) living together with the	Living Alone	Living with spouse	Living with Children only	Living with all family	Living with family	Living with Other persons

<b>interviewee (average Household size: 3 people)</b>				<b>members</b>	<b>members and other persons</b>	
	18.2%	7.1%	29.2%	35.4%	4.7%	5.5%

<b>Status for Application for Public Rental Housing(n=867)</b>	<b>Not eligible</b>	<b>Eligible but didn't apply</b>	<b>Waiting for Public Rental Housing</b>
	22.5%	12.9%	64.6%

<b>Average rent in different district (bedspace renting not included)</b>	
<b>District</b>	<b>Rent in Average</b>
HK Island	\$3,519
Kowloon	\$3,073
New Territories	\$2,946
<b>Overall Interviewees</b>	<b>\$3,144</b>

Average rent level of HK Island is 19.5% higher than the average rent level of New Territories

#### **Estimate number of households living in inadequate private rental housing in HK:**

HK Island: 16,000

Kowloon: 33,300

East New Territories: 3,500

West New Territories: 14,100

Total: 66,900

(Source: Policy 21 of The University of Hong Kong, Report on Survey on Subdivided Units in Hong Kong)

#### **Percentage distribution of public housing units across different districts in Hong Kong:**

HK Island: 8.6%

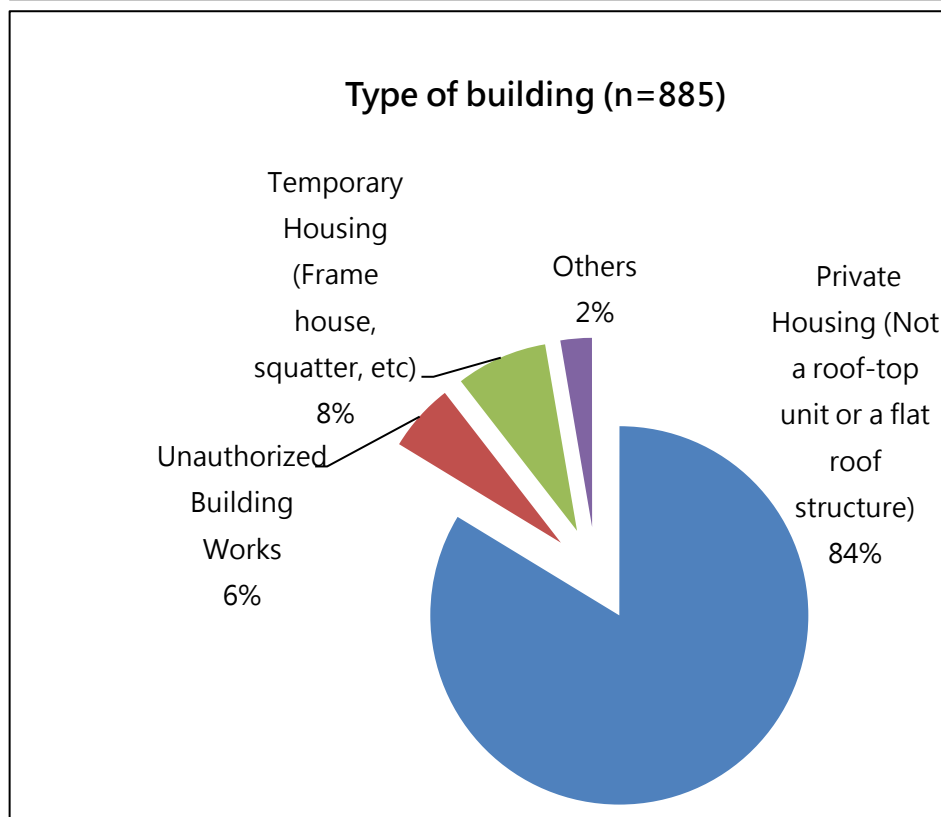
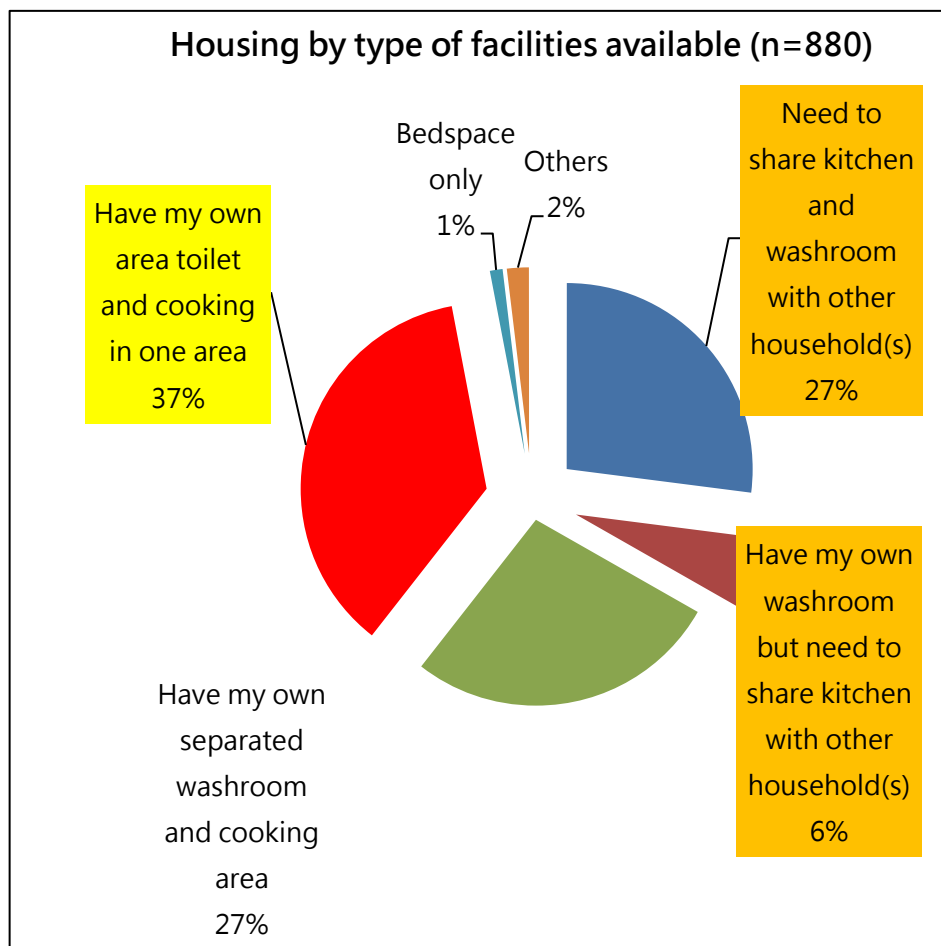
Kowloon: 37.8%

New Territories: 51.4% (Not including Outlying Islands)

(Source: The Housing Authority, Report on Population and Households in Housing Authority Public Rental Housing)

## The living conditions and housing situation of the respondents

Living Condition regarding basic hygiene and safety:



What the respondents had already found the housing **unsatisfied** with the unit/flat before they moved in: (can choose more than one item)

1. **Indoor Space (53.1%)**
2. **Rent (43.2%)**
3. **Hygiene (42.9%)**
4. **Noise (40.4%)**
5. Indoor Facilities (22.0%)
6. Others (8.5%)
7. Community Services (5.5%)
8. District (4.6%)
9. Completely satisfied (4.7%)

(On average, each respondent was not satisfied with 2.2 items for their living conditions.)

**Inadequate Indoor Facilities for the respondents:**

- Nearly 10% - Without a window (n=901)
- 76% - No separated electricity meter (n=901)
- 81% - No separated water meter (n=905)

->Without an independent electricity meter or water meter, the electricity and water charge by the owners are questionable. And they cannot benefit from related concessionary measures of the government.

**Most housing units of the respondents require maintenance:**

1. **Leaking or Peeling Off Ceiling / Leaking or Peeling Off Wall (47.4%)**
2. **Cracks and breaks on wall (32.4%)**
3. **Leaking or Blocked or Broken Pipe(s)(30.3%)**
4. Broken electronic appliances on the wall (e.g. air-conditioner, Exhaust Fan, etc) (16.8%)
5. **Structure Safety Problem (14.2%)**
6. Unstable Electricity Supply (10.5%)

74% of respondents' housing units have problems which are reasonably within the scope of maintenance responsibility of the owners. An average of 1.5 items requires maintenance. The first three mostly reported problems involve safety and hygiene of the unit. 20% of interviewees have got more than 3 problems of the above. 14% of interviewees have no choice but living in the units which have structure safety problem.

- 40% of respondents said the owners or the real estate agent did not handle those problems.
- 18% of respondents said no one would handle it.
- 22% of respondents said they solved the problems on their own.

**Low Income tenants afforded heavier burden of rent than average private housing tenants:**

	<b>Comparison of Percentage in Rent accounting for their Total Income</b>	
	<b>Below 30%</b>	<b>30% or above</b>
Respondents (n=748)	39%	<b>61%</b>
Private housing tenants in HK(n=273,620)	60%	<b>40%</b>

Source: Statistics of 2011 Population Census, Census and Statistics Department

**For low income tenants, moving house resulted in poorer living condition:**

68.6% of those who had moved - higher rent

51.2% of those who had moved- size of house smaller

33.6% of those who had moved- higher rent but smaller house

**Reasons to choose to move in districts where these poor housing units are found:**

"Convenient to work" and "lower rent" are the main factors for the respondents to live in private housing in old community. However, the living conditions are poor. It shows that economical factor is their main consideration and this reflects the high demand of cheap rental housing in urban area.

**Choices and Situation of the respondents in the Rental Market**

**Difficulties in finding new housing unit for the respondents:**

84% - Rent not affordable (n=659)

66% - Not many choices in my target community (n=638)

64% - The living conditions are not satisfactory (n=636)

63% - Need to pay the commission to the real estate agent (n=631)

59% - Not much information of the rental market (n=624)

**Information in market: Information channel and cost**

**Sources of private rental market information:**

78.1% - Real Estate Agent

61.4% - Relatives

57.1% - Friends from the same homeland

54.5% - Neighbor / Friends (Not from the same homeland)

**Level of commission of real estate agents as a percentage of the monthly rent:**

16% - half of the monthly rent or above

24% - less than half of the monthly rent

60%- half of the monthly rent

**Lack of objective information about the market**

76% - Do not know the ratable value of the unit/flat they are living in (n=870)

24% - Know the ratable value of the unit/flat they are living in (n=870)

**Respondents' perception on the reliability on sources of private rental market information:**

**Percentage of "Very trustworthy" and "Quite trustworthy":**

76% - relatives (n=484)

61% - Friends from the same homeland (n=469)

36% - Real Estate Agent (n=672)

**Cases of being rejected when trying to rent a flat:**

14% - Have been rejected by property owner(s) (n=866)

86% - Have not been rejected by property owner(s) (n=866)

**Reasons for the owner(s) refusing to rent his/her unit/flat: (can choose more than one item)**

42.7% - Have young children

33.9% - Income

21.0% - Too many family members

12.9% - Others

7.3% - Race/Ethnicity

4.8% - Marital status

**A number of tenants do not have an effective written contract for the current flat/unit**

23% - Do not have an effective written contract (n=889)

77% - Have an effective written contract (n=889)

**Rent increases when renewing the contract for the current flat/unit**

78% - Rent increased (n=516)

22% - No rent increase (n=516)

(average time of rent increase: 1.6 times)

**Public service/programme support**

Over 80% of the eligible respondents have not been allocated for the public housing

**Waiting time of public housing of the eligible respondents:**

60.2% - Less than 36 months

10% - 36 months

29.9% - Over 36 months

(average: 29.3 months ; median: 24 months)

Among the non-single respondents who have been waiting for public housing 36 months or above, it is worth noting that 70% of them said they have not been allocated for the public housing.

**Percentage of respondents who did NOT apply for schemes of assistance or aids:**

62% - Community Care Fund Programme EXCEPT the Subsidy for Low-income Persons who are Inadequately Housed (n=867)

84% - Transport Support Scheme (n=876)

84% - Food Bank Service (n=871)

97% - Neighbourhood Support Child Care Project (n=864)

97% - Rainbow Fund of the Community Chest (n=870)

98% - Child Development Fund (n=869)

### Reasons of not applying the aid (excluding those not in need)

	Have not heard of this aid or do not know how to apply	Not eligible
Community Care Fund Programme EXCEPT the Subsidy for Low-income Persons who are Inadequately Housed (n=384)	84%	16%
Transport Support Scheme (n=507)	61%	38%
Food Bank Service (n=473)	86%	12%
Neighbourhood Support Child Care Project(n=448)	78%	22%
Rainbow Fund of the Community Chest(n=625)	91%	9%
Child Development Fund(n=543)	84%	16%

->Over half of the respondents do not apply for the above scheme/aids.

->Lack of information is the main reason that they do not apply for the scheme/aids.

### Respondents' comments on improving the living conditions of private rental housing tenants

97% - Speed up the construction of public rental housing (n=890)

93% - Provide rent subsidy (n=889)

85% - Re-introduce rent control (to control the rent level and limit the freedom of property owners to resume flat for further letting) (n=862)

66% - Build temporary housing on non-residential lands / zones for short-term use (n=815)

60% - Build interim housing units in the New Territories (n=849)

### Overall observations from the Research

Many respondents' living conditions got worse houses when they moved. The research shows that 33.6% of respondents moved to houses of higher rents but of smaller area. And a large proportion of respondents either moved to higher rent or smaller size houses. 78% of respondents' rents were raised when they renewed the contract.

Overall, these low-income tenants are in disadvantaged position in the private rental housing market. They lack choices, reliable information and specifications, and with weak bargaining power.

Respondents have limited options in finding new housing units and they often encounter various difficulties. 84% cannot afford rent, 63% find it difficult to pay estate agent commissions, 66% said choices are limited in the district. 14% of respondents have been refused to rent by the owners, mainly due to tenants with young children, occupation / income, or too many members living together. And what worth noting is that some of the cases involve racial discrimination, with 26.8% of non-Chinese people has been refused to rent. Furthermore, 76% of respondents do not know the objective housing rental value, while 23% of respondents do not have effective written contract for the current flat.

Over 60% of respondents are waiting for public housing. Among them, nearly 30% has been waiting for more than 36 months but has not been allocated a flat yet. Over half of the respondents do not apply for low-income household aids/support scheme, such as Transport Support Scheme, Food Bank Service, Neighborhood Support Child Care Project, Child Development Fund, etc. The main reason is that they have not heard of these schemes or they do not know how to apply.

### **Recommendations of HKCSS**

Regarding the conditions and the difficulties the low income household face, HKCSS has the following recommendations on policies and services to protect the basic housing rights for them:

#### **1) Formulate a more comprehensive housing policy and set more progressive goal than what the “Long Term Housing Strategy Steering Committee” has suggested**

- With 234,300 cases of public housing applications now, it is questionable if the projected 280 thousands (which includes HOS) of public housing is enough for the demand for next 10 years. It cannot fulfill the commitment of allocation within 3 years. We suggest to set a more progressive goal than what the “Long Term Housing Strategy Steering Committee” has suggested in order to cope with the rising demand, and identify more space for the construction of public housing in urban area;
- Suggest to use temporary non-residential land in urban area to provide temporary housing, or providing temporary housing by making use of the undeveloped properties hold by Government Property Agency or Urban Renewal Authority;
- To handle the sub-divided housing gradually with care. In addition to rehousing the sub-divided household from inadequate living environments, it is also suggested to provide financial incentives for owners to improve the conditions of the units if they can meet several conditions: namely only for those whose tenants are eligible for public housing, rent level set by the government, agree to provide a stable housing period for these tenants)

#### **2) Provide financial support and rental protection for disadvantaged tenants**

- Provide rent subsidies for the eligible applicants of the public housing who have been waiting for long or provide low-income subsidies to all low-income households;
- Review the *Landlord and Tenant (Consolidation) Ordinance*, with the purpose of safeguarding the legitimate rights and interests of these tenants in the private housing market. In the termination of tenancy, the owner must have sufficient notice, we suggest three-month notice period to allow enough time for the tenants to find a new housing unit (notice period can be shortened by mutual consent by both parties). We suggest to further explore other measures to strengthen the protection of these tenants through the review.

#### **3) Enhance the flow of information for disadvantaged tenants and to build mutual support networks**

- To launch "Community Service Outreach Team" in six old urban areas inhabited by low-income household, including Shum Shui Po, Yau Tsim Mong District, Tsuen Wan, Kwai Tsing, Kowloon City and Eastern District. These teams are to strengthen district support networks, and identify and refer appropriate services to the one in difficulties
- The government can assist the disadvantaged tenants through social service organizations. To improve the flow of rental market information and to build a mutual support networks in community, to provide



choices out of the market, so as to increase the transparency of the information in the market and enhance the bargaining power of tenants to prevent them from being exploited by the owners because of insufficient information.

### **Research Working Group**

In response to the consultation of long term housing strategy, HKCSS formed \*"Working Group on Housing Policy" a year ago and conducted this research. The group is going to hold forum, to produce a position paper in response to the consultation and submit to the Steering Committee afterwards. (The working group is formed by scholar, frontline social workers and policy advocates. Members include Mr. Fung Kai Man, Dr Fung Kwok Kin, Mr. Cham Kwok Wing, Mr. Wong Chi Hung (convenor), Ms Wong Shek Hung and Ms Wong Wing Chi.)

### **Enquiries:**

Sandy Wong

Officer, Corporate Communications

The Hong Kong Council of Social Service

Tel: 2876 2469 / 9102 6291    Email: [sandy.wong@hkcss.org.hk](mailto:sandy.wong@hkcss.org.hk)