



Housing lessons from Hong Kong, South Korea, Singapore

Asia and the Pacific are home to 4.3 billion people, and half the world's urban population, with 120,000 people moving to cities every day, creating daily demand for 20,000 affordable homes.

Some cities, where housing is scarce and costly because they don't have enough land or they're where the jobs are concentrated, find it hard to provide enough public housing for a continuously rising urban population.

Hong Kong, China; the Republic of Korea; and Singapore have wrestled with this problem for decades.

In Hong Kong, a special administrative region of the People's Republic of China since 1997, mountainous terrain limits the amount of buildable land. Only 25 percent of its 1,104 square kilometers is developed.

In 2016, facing mounting public pressure, the Hong Kong government built more public housing to add to the existing 750,000 rental units.

Public housing is mainly built by the Hong Kong Housing Authority and the Hong Kong Housing Society, with heavily subsidized rents to make it cheaper than private housing. Local wages are lower than for expatriate workers, and the private market is highly speculative, commanding higher rents than locals can afford. Many apartments sit empty, with owners banking on rising prices to make the property market a mainstay of investment.

Hong Kong's 7 million people face an almost constantly severe housing shortage, despite the administration's efforts to build more public housing. Developers are usually bound to

create public housing alongside private development. Still, the housing authority says the waiting period for public housing increased in 2016 to almost four years.

Housing policy expert Professor Chua Kwong-Wing of the University of Hong Kong says the longer waiting time is due to the lack of new public flats, lengthy land-rezoning processes, and insufficient flats being vacated or offered for rent.

The housing shortage has forced thousands of residents to pay ever higher rents to live in squalid subdivided flats.

Chua says that he doesn't see the supply of public housing improving any time soon, and that the situation might even worsen.

The Republic of Korea has had more success in public housing, which has been integral to its urban planning since the Korean War in the early 1950s.

In the 1980s, the government built several new towns in and around the capital, Seoul, including second-generation new towns near Seoul.

The government also built massive housing projects, along with infrastructure connecting new towns with the capital and other cities in the Seoul region. The government has encouraged urban populations and foreign investment to move to other cities such as Pusan.

Public sector institutions were key in increasing housing supply, led primarily by the Korea National Housing Corporation in 1962, and the Korea Land Development Corporation in 1981, which merged in 2009 to form the current Land and Housing Corporation.

Non-urban land could be purchased for public development projects through eminent domain, capping land prices and avoiding speculative spikes, which allowed timely construction of housing.

The government planned and regulated the whole process—from selecting location and size of land, to determining the number and composition of houses to be built, to allocating the houses to would-be buyers.

The private sector played a minor role in the process, so there was little or no diversity in the provision of housing.

The Republic of Korea's public housing policy has so far managed to keep pace with urbanization, but new challenges have emerged—from sluggish economic growth, a low fertility rate, an aging population, and widening income inequality.

Singapore isn't as cramped as Hong Kong, but public housing is now vital. The government is intent on controlling the supply of land and developing affordable housing itself.

Four-fifths of Singapore's permanent population live in subsidized units built by the government, most of them as owner-occupiers, under the control of the Housing Development Board, or HDB, which was set up in 1960 to build cheap rental housing for poor families.

Later, the government acquired much of the land that was not then under its control and gradually moved Singaporeans from villages into concrete high-rises.

Singapore now has some one million HDB apartments, mostly clustered in two dozen new towns that extend in a semicircle around the country's coastal core.

The government sells a fresh batch of future flats each year, predominantly to first-time buyers. They all come with 99-year leases and are sold at lower-than-market prices, although successful applicants must wait three or four years for their blocks to be completed, or buy existing HDB apartments directly from their owners at market rates.

While Singapore claims it doesn't have a housing problem, there have been complaints that it favors married couples, locking out young, single adults seeking to leave the extended family, and single, unmarried mothers.

And the poorest families live in cramped studios or one-bedroom apartments. While they may have a roof over their heads, they do not share in Singapore's prosperity.

This episode was based on an ADBI [blog post](#) by Kyung Hwan Kim, vice minister for land, infrastructure, and transport, Republic of Korea; and Miseon Park, associate research

fellow at the Korea Institute for Human Settlements. Additional information is from other sources, cited in the show notes.

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Additional information is from the following

- [From Slums to Sustainable Communities](#)
- [Tackling Affordability in Asia](#)
- [Waiting time to get into Hong Kong public housing shoots up a full year over past 12 months](#)

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- <http://bit.ly/2x1WOJJ>

Know more about ADBI's research on housing in 2016

- <http://bit.ly/2hYPM24>

Read The Housing Challenge in Emerging Asia: Options and Solutions

- By Naoyuki Yoshino and Matthias Helble
<https://www.adb.org/publications/housing-challenge-emerging-asia-options-and-solutions>