

Lingnan University
Department of Economics
Term 2, AY2022-23

Course Title	:	The Hong Kong Housing Market (2 nd Term, 2022/23)
Course Code	:	ECO3001
Recommended Study Year	:	3 or 4 year
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial (with Serive Learning Assessment)
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	Economics Major (Elective Course) / SPPS Stream (Elective Course)/ Free Elective
Discipline	:	Economics
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) Level 3 or above in HKDSE Economics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description:

This course provides students with an understanding of the structure and operations of housing markets and looks at key housing policy issues critically. There is an emphasis on intuition and analysis, focusing on the interplay between policy and market. This is an important area of study, with policy implications touching the daily lives of everyone living in Hong Kong. The nexus between housing and the macro economy will also be analyzed. While this course primarily focuses on the Hong Kong, some topics will be supplemented with international materials and statistics for comparative purposes.

Aims:

This course introduces to students the economic approach to analyzing problems related to housing and housing policy. It aims to equip students with the basic tools to analyze the housing market and the roles of government policies with reference to the current policy debate in Hong Kong.

Learning Outcomes (LOs):

Upon completion of this course, successful student should be able to:

1. describe the characteristics of housing market and explain the meanings and measurements of various economic indicators and housing statistics;

2. demonstrate an understanding of the peculiarities of the housing market and how the housing market works;
3. exhibit an understanding of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies;
4. exhibit an understanding of the concept of accessibility and the formation of land rent and identify the roles of the government in the land supply and housing market;
5. describe and explain the relation between economic cycles and the housing markets.

Indicative Contents:

1. Introduction to Housing Market: Characteristics, Indicators and Housing Statistics

1. Introduction: Economic analysis of housing market
2. Indicator and Statistics for housing market in HK and international comparisons

2. The Housing Market

1. The nature of housing services and the dwelling unit
2. What determines the price of housing services or rent
3. What determines the price of the dwelling unit: bid rent
4. Ownership vs. renting
5. The hedonic price approach
6. The supply of housing: new and existing housing, filtering
7. The demand for housing: investment demand, consumption demand, role of expectations
8. Liquidity and market tightness

3. Housing Problems and Policies in Hong Kong

1. A historical review of housing problems and policies in Hong Kong
2. Homelessness and subdivided flats in Hong Kong: An economic perspectives
3. Housing the poor and redistribution: Public housing in Hong Kong
3. Should Governments encourage homeownership? The public housing privatization in Hong Kong
4. Housing Ladder and homeownership: Home Ownership Scheme (HOS) in Hong Kong
5. Housing and retirement protection: Reverse mortgage in Hong Kong

4. Land Market in Hong Kong: goals, instruments and impacts

1. Locational choice and land rent
2. Physical distance and distance in terms of economic cost of accessibility
3. The role of land rent in determining land use

4. History of land supply policies in Hong Kong
5. Supply-driven vs. demand-driven model: Land Sales Programme and Application List System
6. Housing Production Target

5. Housing Market Cycles and Macro Economy

1. 1997 housing price bubble in Hong Kong
2. Housing market speculation and demand-side management measures – 3D: Special Stamp Duty (SSD), Buyers Stamp Duty (BSD) and Double Stamp Duty (DSD)
3. 2008 subprime crisis in the US
4. Lost decade: The Japan housing price bubble in the 1990s

Teaching Method:

Lectures combined with tutorials, consultation, service-learning, oral presentation, in-class discussion, and group project. This course adopts the service-learning approach as a component in continuous assessment. There are two community-based service learning activities which would enhance the academic concepts covered in lecture.

Activity 1: Service-learning Research Project

In tutorials, students will be divided into groups to conduct a service-learning research project on topic:

Willingness to consider applying for reverse mortgage among the middle and old age homeowners in Hong Kong

Under the guidance of the course instructor, the OSL staff will train students to work with a community partners, focusing on aspects of reserve mortgage and retirement protection. Through the group project, students will work together to collect data (e.g. survey, focus group or interview etc.); apply academic knowledge (e.g. reserve mortgage and retirement protection,) to the project and report on information that is helpful to the community. (LOs: 1-4)

Activity 2: Visit to Subdivided Flat

The course instructor and the OSL staff will arrange a half-day visit to a subdivided flat. The visit will enhance the academic concepts learned in lecture (e.g., demand/supply for low-income rental market for housing, rent control, and conditions when a market ceases to exist.). Students will be asked to write a reflective essay. (LOs: 1-4)

Measurement of Learning Outcomes

Learning Outcome	Assessment Method				
	Class Participation	Individual reflective essay	Service Learning Project: Presentation and paper	Quizzes	e-learning activity
Describes the characteristics of housing market and explain the meanings and measurements of various economic indicators and housing statistics;	√	√	√	√	√
Demonstrate an understanding of the peculiarities of the housing market and how the housing market works;	√	√	√	√	√
Exhibit an understanding of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies	√	√	√	√	
Exhibit an understanding of the concept of accessibility and the formation of land rent and identify the roles of the government in the land supply and housing market;	√	√	√	√	√
Describe and explain the relation between economic cycles and the housing markets	√	√		√	

Assessments:

Continuous Assessment	<u>100%</u>
Service Learning Project	(40%)
1. Assessment by OSL/Partner agent	5%
2. Group Presentation	15%
3. Presentation report	20%
4. Class Participation	5%
5. E-learning activity (15%) plus 1 st individual reflective journal (5%)	20%
6. 2 nd Individual Reflective Journal (Low-cost housing/policy/HK housing)	5%
7. Quiz 1	15%
8.. Quiz 2	15%
Total:	100%

Required/ Essential Reading:

Arthur O'Sullivan, *Urban Economics*, Latest Edition, McGraw Hill

Recommended/ Supplementary Readings:

DiPasquale, Denise and William C. Wheaton, *Urban Economics and Real Estate Markets*, Prentice Hall, current edition.

John F. McDonald and Daniel P. McMillen, *Urban Economics and Real Estate: Theory and Policy*, John Wiley & Sons, Inc., 2011, second edition.

Hong Kong Property Review, Various issues, Rating and Valuation Department of HKSAR

Demographia International Housing Affordability Survey, latest edition.

Case-Shiller 20-City Composite Home Price Index. Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SPCS20RSA>

Ho, M.H.C. (2003). Liquidity and price differentials: Evidence in the Hong Kong Residential Re-sale Market. *Housing Studies* 15(5): 745-763.

Leung, K.Y.C., C.K.G. Lau and Leong, Y. (2002). Testing alternative theories of the property price-trading volume correlation. *Journal of Real Estate Research* 25(3): 241-255.

Richard K. Green & Michelle J. White. (1997). "Measuring the Benefits of Homeowning: Effects on Children," *Journal of Urban Economics*, 41, pages 441-461.

Rose Neng Lai, and Yang Zhang. (2012). The Myth or the Fact of Housing for Young People in Macao, *Journal of Youth Studies*, 29(15).

Chou, K., Chow, N.W.S and Nelson, W.S. and I. Chi. (2006). Willingness to consider applying for reverse mortgage in Hong Kong Chinese middle-aged homeowners. *Habitat International* 30(3):716-727

Ho, L. S. and Gary W. C. Wong. (2006). Privatization of public housing: Did it cause the 1998 recession in Hong Kong? *Contemporary Economic Policy* 24(2): 262-273.

Ho, L S, Y. Ma and D. R. Haurin. (2008). Domino effects within a housing market: The transmission of house price changes across quality tiers. *Journal of Real Estate Finance and Economics* 37(4): 299-316.

Ho L.S and Gary W.C. Wong, 2008, "Nexus Between the Housing Market and the Macroeconomy", *Pacific Economic Review*, 2008(13)2, 223-239.

Ho L.S and Gary W.C. Wong. (2009). "The First Step on the Housing Ladder: A Natural Experiment in Hong Kong", *Journal of Housing Economics*, 2009 (18), 59-67.

Hui, E. and J.T. Wong (2007). The impact of supply of subsidized sale flats on private housing price in Hong Kong. *Journal of Real Estate Literature* 15 (2): 255-280.

Lui, H.K. (2007). The redistributive effect of public housing in Hong Kong. *Urban Studies* 44 (10): 1937–1952.

O'Flaherty, Brendan. (1996). *Making Room: The Economics of Homelessness*. Cambridge, Mass : Harvard University Press.

Hui, E. (2004.) An empirical study of the effects of land supply and lease conditions on the housing market: a case of Hong Kong. *Property Management* 22(2): 127-154.

Li, L.H and K. Wong and K.S. Cheung (2016). Land supply and housing prices in Hong Kong: The political economy of urban land policy. *Environment and Planning C: Government and Policy* 34 (5): 981-998

Long Term Housing Strategy 2014. Transport and Housing Bureau of HKSAR Steering Committee

Peng, R. and C. Wheaton. (1994). Effects of restrictive land supply on housing in Hong Kong: An Econometric Analysis. *Journal of Housing Research* 5(2): 263-291.

Gary W.C. Wong and L.S. Ho, 2017, “Policy-driven housing cycle: The Hong Kong case of supply intervention”, *International Real Estate Review*, 20(3), 375-396.

Joseph C.Y Laua, Catherine C.H Chiu. (2004). Accessibility of workers in a compact city: the case of Hong Kong. *Habitat International*, 28(1), 89–102

Lai, Neng and Ko Wang. (1999). Land-Supply Restrictions, Developer Strategies and Housing Policies: The Case in Hong Kong. *International Real Estate Review*, 2(1), 143-159

Ho, L. S. and Gary. W. C. Wong. (2008). The nexus between housing and the macro economy: The Hong Kong case. *Pacific Economic Review* 13(2): 223-239.

Conclusions of the Financial Crisis Inquiry Commission. 2011. *The Financial Crisis Inquiry Report*. U.S. Government Printing Office, Washington DC.

http://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_conclusions.pdf

Saxonhouse, Gary and Stern, Robert (Eds) (2004). *Japan's Lost Decade: Origins, Consequences and Prospects for Recovery (World Economy Special Issues)*, Wiley-Blackwell.

WARNING

With regard to your coursework in particular, you are reminded: You must note the sources of quotations, data and general information in the essay. These sources/references should appear in alphabetical order in your list of references/bibliography.

According to Lingnan University and Social Sciences Programme policy, plagiarism is "presentation of another person's work without proper acknowledgment of the source". Plagiarism (unattributed copying) will be heavily penalised and may attract a zero mark and disciplinary action.

Assessment Rubrics for Individual Reflective Essay

Learning Outcome	Assessment Rubrics			
	Excellent A-, A	Good B- to B+	Acceptable C- to C+	Poor D or below
Demonstrate an understanding of the peculiarities of the housing market and how the housing market works (50%)	Able to demonstrate a thorough understanding of the different aspects about the housing market: supply and demand, stake holders' incentives, government policy	Able to demonstrate a good understanding of how the housing market works & why and how government has a role	Able to demonstrate a basic understanding of how the housing market works & why/how government has a role	Unable to demonstrate any understanding of how the housing market works
Exhibit an understanding of the effects of housing policies that assist low-income and middle-income households and how to apply the concepts of efficiency and equity to housing provisions and policies (50%)	Able to demonstrate a thorough understanding of the effects of housing policies that assist low-income and middle-income households, underscored by an understanding of the concept of efficiency and equity	Able to demonstrate a good understanding of the effects of housing policies that assist low-income and middle-income households, underscored by an understanding of the concept of efficiency & equity	Able to demonstrate a basic understanding of the effects of housing policies that assist low-income and middle-income households	Lack of a basic understanding of the effects of housing policies

Assessment Rubrics for Quizzes

Criteria	Excellent	Proficient	Meets Minimum Standard	Below Standard
Accuracy (50%)	41-50	31-40	21-20	0-20
	Appropriate concepts are all applied correctly	Most concepts are applied correctly	Some concepts are applied at too general a level or misapplied but the central ones are applied correctly and specifically	Most concepts are applied at too general a level or misapplied
Comprehension of all the relevant concepts. (40%)	31-40	21-30	11-20	0-10
	Demonstrates a deep insightful level of understanding	Demonstrates a good surface level of understanding	Demonstrates a fair level of surface understanding	Demonstrates an inadequate level of understanding
Extent to which ideas are expressed logically, accurately and clearly. (10%)	9-10	7-8	4-6	0-3
	Expression of ideas is consistently accurate, logical and clear	Expression of ideas is generally accurate, logical and clear with some minor lapses	Expression of ideas is comprehensible but there are some major lapses	Largely incomprehensible with some major inconsistencies and errors

Assessment Rubrics for Presentation

CATEGORY	Good 10 -8 A A- B +	Average 7 -4 B B- C+ C	Poor 3-0 C- D+ D F
Show understanding of the topic (20%)	Clearly and correctly define the topic in the project	Provide definition of the topic but it is not clear.	Provide definition of the topic but it is deviated from original plan to some extent without any rationale
Relevant research material has been selected (20%)	Select relevant research materials for analysis.	Select research materials but some of them are not relevant.	Some of the materials are not relevant and not updated.
Research and original work is balanced (10%)	Original work and research materials is balanced and relevant findings are used to support own opinions	Original work and research material is not balanced. Relevant findings are used to support own opinions	Original work and research material is not balanced. Few findings are used to support own opinions
Findings and opinions are supported by evidence (20%)	Empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) is highly relevant, accurate and completed Sources are cited and used correctly	Empirical evidence or information (explanations, examples, illustrations, statistics, analogies, quotations from relevant authorities) is generally relevant and adequate to support the topic Sources are cited and used correctly with minor errors	Much of information included is not relevant and inadequate to support the topic; Some information is inaccurate or unverifiable No citing of sources or incorrectly cites the sources
Consistency and logical flow (5%)	Logical structure and consistent flow of the presentation	Structure and flow of the presentation is logical but sometimes not consistent.	Structure and flow of the presentation is not logical
Visual Aid quality (5%)	Student used visuals to reinforce screen text and presentation.	Visuals related to text and presentation.	Student occasional used visuals that rarely support text and presentation.
Timing Control (5%)	Allocates time appropriately and manages time effectively Appropriate pace	Marginally long or marginally short but uses time reasonably effectively Reasonable pace	Significantly too short or too long and does not use time effectively Pace is significantly too fast or too slow
Clarity (5%)	Student used a clear voice and correct, precise pronunciation of terms.	Student's voice is clear. Student pronounces most words correctly.	Student's voice is clear but cannot speak fluently.
Quality of the question /answer (10%)	Responds appropriately to all questions, with answers that demonstrate knowledge and understanding	Responds appropriately to the questions, with answers that demonstrate some knowledge and understanding	Is not able to respond the spot questions

Assessment Rubrics for Presentation Report

CATEGORY	Excellent	Good	Satisfactory	Unsatisfactory	POINTS
Research Question/hypothesis (20%)	10 points	8 points	6 point	3 points	___/10
	Wrote clear, creative and interesting questions/hypotheses which fit the topic.	Wrote clear questions/hypotheses which fit the topic.	Wrote some questions/hypotheses which did not fit the topic.	Wrote many questions/hypotheses which did not fit the topic.	
Argument (30%)	10 points	8 points	6 point	3 points	___/10
	arguments both well supported and genuinely compared to conflicting explanations	main arguments valid, systematic, and well supported	some arguments valid and well supported, some not	weak, invalid, or no argument, perhaps a simple assertion	
Use of Data or Evidence (30%)	10 points	8 points	6 point	3 points	___/10
	fully exploits the richness of the data/evidence/ideas, and is sufficiently persuasive	feasible evidence appropriately selected and not over-interpreted	some appropriate use of evidence but uneven	draws on little or no evidence, mostly relies on assertions or opinions, or evidence not clearly presented	
Organization and Writing (20%)	10 points	8 points	6 point	3 points	___/10
	structure enhances the argument, strong sections and seamless flow. Virtually no English error.	structure supports the argument, clearly ordered sections fit together well. Some minor English errors.	structure is of inconsistent quality, may have redundancies or disconnections. Frequent English errors.	needs significant reorganization. English errors significantly impair Readability.	
TOTAL POINTS					___/40

Grading Rubric for Tutorial Participation

Criteria	Excellent 8-10 pts A A- B+	Good 4-7 pts B B- C+ C	Average 1-3 pts C- D+ D	Poor 0 pts F
Quality of Comments (70%)	<ul style="list-style-type: none"> Timely and appropriate comments, thoughtful and reflective, responds respectfully to other student's remarks, provokes questions and comments 	<ul style="list-style-type: none"> Volunteers comments, most are relevant and reflect some thoughtfulness, may or may not lead to other questions from students 	<ul style="list-style-type: none"> occasionally participates and offers a comment when directly questioned, may simply restate questions or points previously raised, may add nothing new to the discussion or provoke no responses or question 	<ul style="list-style-type: none"> Does not participate
Active Listening (30%)	<ul style="list-style-type: none"> Posture, demeanor and behavior clearly demonstrate respect and attentiveness to others 	<ul style="list-style-type: none"> Listens to others most of the time, demonstrate respect and attentiveness to others 	<ul style="list-style-type: none"> may not stay focused on other's comments or loses continuity of discussion 	<ul style="list-style-type: none"> Disrespectful of others when they are speaking Ignoring others' remarks

[Rubric for e-learning activities](#)

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.
- (5) Students are required to fill in a mid-term and the end of course CTLE survey.