

Should Governments Have Control Over the Housing Market?

The housing market is crucial to the economy of a country. Over the years, the gap between the rich and poor across the globe has widened. In Hong Kong, many people struggle to find affordable housing, minorities and aged citizens face discrimination, and rapid urban growth is causing irreversible damage to the environment. I firmly believe that governments should have control over the housing market to ensure the affordability of homes, promote social equity, and encourage sustainable development.

One of the main reasons for governments having control over the housing market is to ensure affordability. The rent in many places have significantly skyrocketed over the past years. For example, Hong Kong's housing rent rose from \$190 per metre square in 1999 to \$400 per metre square in 2024. As a result, it has become increasingly difficult for normal citizens to afford a decent apartment. According to the Census and Statistics Department, an average family in Hong Kong makes a monthly income of about \$30,000. Around \$12,000 is used to pay rent, according to InterNations. This means about half of tenants' monthly income is used to pay rent, leaving less money for other essential needs, such as food, transport, and healthcare. Also, the price of buying property in Hong Kong is exceedingly high. According to Happy Kong Konger, buying property costs around \$160,000 per metre square in Hong Kong. For an apartment of 40 metre square in size, it would take around 18 years for an average citizen to pay back the loan for his or her apartment. This would take a lot of money out of homebuyers' everyday spending. This doesn't only happen in Hong Kong. London, New York City, and Tokyo are just a few examples. To combat these problems, governments can implement policies that prevent landlords from suddenly increasing rent or housing prices drastically. Governments should set a limit on how much the rent can be increased. For example,

governments should limit the rent increase not to exceed the monthly inflation rate. Also, governments can provide housing vouchers and grants to support homeownership. For example, the Chinese government has issued policies that allow homebuyers to pay less interest on loans for buying property. With these policies implemented, affordability problems can be solved.

Another major reason for government control over the housing market is to promote social equity. Racial minorities often face discrimination that depresses economic growth. The National Low Income Coalition stated that in the United States, Black, Native American, and Hispanic households are more likely to be extremely low-income tenants than their white counterparts. Twenty percent of Black households, 16% of Hispanic households, and 18% of Alaska native or American Indian households are earning a lot less than the average income, while only six percent of white households are extremely low-income renters. Another group of social minorities that suffer from inequality is low-income individuals such as elderly. According to Oxfam Hong Kong, more than 580,000 residents in Hong Kong are living in poverty, including 558,000 elderly who are retired, unemployed, and homemakers. These minorities suffer from inequality and have the lowest income among all residents. To combat these situations, governments can sequester money in buying private housing and turn them into cheap public housing for disadvantaged citizens to rent. The government can also increase the amount of land used for building public housing. Won't government intervention help solve the housing problems of disadvantaged people?

Another major reason for governments having control over the housing market is to encourage sustainable development. At present, it is estimated that around 80% of cities around the world don't have sustainable housing options for the majority of their population. Therefore, many cities are in urgent need of sustainable development. For example, according to a report by the Urban Land Institute, urban sprawl is responsible for the destruction of natural habitats and increased greenhouse gas emissions. Without sustainable development, the environment

will be affected severely. How can governments solve these problems? They can invest more money in green building. Green building can reduce toxic waste, improve energy and water efficiency, and achieve smart growth and sustainable development.

While there are many reasons to support government control over the housing market, some people argue against it. It is believed by some that the housing market should be free from government control. These critics argue that when governments interfere with housing prices and rents, it can disrupt the natural operation of the market. They also claim that this interference may discourage investors from investing in properties and renting them out as a source of income. At the same time, developers may lose incentives for development due to less profit made. Some claim that overregulation may hinder innovation in housing design and construction. They believe that as a result, the housing options will all become identical and citizens will lose their freedom of choice. Additionally, some believe that citizens may become dependent on the government. They claim that the citizens will thus be discouraged to be self-sufficient.

Although these arguments raise valid points, the most important factor is the balance between market freedom and government control. It is true that a completely free market can promote competition. However, government control is necessary for ensuring affordability, promoting social equity and encouraging sustainable development. A completely free market often leads to inequality and affordability issues. For instance, landlords often prioritise profit over the wellbeing of tenants. Governments should set a limit on the rents, while ensuring the policies are actually helping the market. Furthermore, government control doesn't mean having complete control. Governments can implement policies to protect tenants' rights or provide fundings to developers who construct buildings that meet the requirements for sustainability. They can also give financial assistance for first-time home buyers to promote home ownership.

In conclusion, government control over the housing market is needed more than ever. It can help ensure affordability, promote social equity, encourage sustainable development, and most importantly, it can create a housing market that benefits everyone in the community. The challenges or difficulties of rising housing costs, inequality, and environmental concerns require active government intervention. Instead of leaving the housing market to private interest, it's necessary for governments to get involved by implementing policies that tackle these problems.

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