



## Choice or No Choice? Genuine or Fake Choice? – A Qualitative Study for Reflecting on Housing Choice

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***Abstract:** This paper seeks to reflect on issues related to the nature of housing choice, drawing on qualitative empirical data collected in in-depth interviews. This paper discusses two perspectives related to housing choice, namely, the 'market perspective of housing choice' and the 'perspective of housing choice for well-being'. The 'market perspective of housing choice' highlights that desirability generally increases with a greater range of housing choice as the housing supply increases till a climax is reached, after which a further expansion of housing choice may indicate an excess housing supply, which may not be advantageous and home-buyers may instead 'decide not to choose or buy'. The 'perspective of housing choice for well-being' reveals that choice in the housing arena is often viewed as a means to eventual well-being, rather than as an end in itself. Housing choice is 'genuine' and 'meaningful' if there are meaningful and significant options among a few desirable housing alternatives. 'Fake housing choice' involves having to choose from among housing options that are all generally bad.*

**Keywords:** Housing choice; Housing market and supply; Housing well-being; Qualitative research; Hong Kong.



## Introduction

Research efforts on housing choice have to date dealt with three broad themes: (a) the basis on which housing choice is made (as a process);<sup>1</sup> (b) constraints on housing choice;<sup>2</sup> (c) the end-product and outcome of housing choice.<sup>3</sup> There has been little past research examining the **nature** (and the intricacies) of housing choice, except van Ham (2012), which provides a general overview of housing choice without grounding it in empirical findings. Though there have been many research efforts devoted to the **substantive** issues of housing choice (such as factors affecting tenure choice or housing location decisions), no study has focused on the **nature** (and intricacies) of housing choice that is grounded in empirical findings, except Yung and Leung (forthcoming). This paper tries to fill in the research gaps by reflecting and dissecting the **nature** of housing choice (with special reference to the Hong Kong housing context), resting on qualitative empirical data collected through in-depth interviews. Housing choice in the Hong Kong context serves as a special case (it is distinct for having public-private dichotomous housing sectors) as well as a representative case (through being an epitome of many common housing aspects shared by globalised cities) for examining the nature of this housing dimension.<sup>4</sup>

## Methodology: Perspective-Building Based on Qualitative Research

This study employs a qualitative method of research, with an inductive, interpretivist and constructionist approach that produces an in-depth understanding based on the perspectives of respondents drawn from the research findings (Bryman 2016). The qualitative data collected further the detailed understanding of the nature of housing choice.

The research conducted 23 in-depth interviews with different stakeholders in Hong Kong housing.<sup>5</sup> Various means (such as personal networks, direct telephone or written invitations and referrals from social service organisations) were used to recruit interviewees for this research. Purposive sampling was used as the sampling strategy in order to engage interviewees of different age groups, sexes, and in different housing tenures. The interviews were conducted in the Cantonese dialect, used by the majority of the inhabitants in Hong Kong. The interviews were analysed manually and translated into English.

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<sup>1</sup> For example, Li (2011) discusses the importance of different factors that affect housing choice among the affluent population in Shanghai; Tu and Goldfinch (1996) develop a housing choice model based on household preferences and dwelling components; Zinas and Jusan (2012) evaluate the application of a means–end chain model to examine the relation between housing choice and preference; and Lux (2012) examines how policies affect housing tenure choice.

<sup>2</sup> For example, Seicshnaydre (2012) outlines the relation between racially segregated residential neighbourhoods, housing choice, and neighbourhood preference; Briggs et al. (2010) highlight that the choices of very low-income families in America are structured by the housing market and the dynamics of the decisions made by real estate agents, landlords, etc.

<sup>3</sup> Van Ham suggests that ‘[t]he bulk of the housing behaviour literature investigated the outcome of the choice process (revealed preferences)’ (p.42), while Tu and Goldfinch (1996) highlight that the ‘end-product of the process is either the buyer makes his/her final housing choice or that the buyer leaves the market’ (p.519).

<sup>4</sup> Further details will be discussed in the latter part of the paper.

<sup>5</sup> The interviewees included two workers/professionals in the property sector, four representatives of non-profit housing organisations, four self-contained private housing tenants, two tenants dwelling in inadequate private housing, four private homeowners, three public housing tenants, and four subsidised home-owners.



Hong Kong was chosen as the case study since it serves as a special case for examining housing choice between the public and private housing sectors, with about half of its population living in both housing sectors. Hong Kong may also be a representative and a typical case in other housing-choice dimensions, sharing similarities with housing systems elsewhere while being unique in terms of its housing gap, market vitality, open economy, and geographical and population density.

## An Analysis of Housing Choice in the Hong Kong Context

### Nature of Housing Choice

The choice of housing is important, especially so in regard to whether the ‘choice’ is ‘genuine’ (with meaningful and significant options to choose between a few desirable alternatives) or a ‘fake choice’. Choice and freedom cannot be independent of preferences (Sen 2002, quoted in Arrow 2006). Choice that involves merely choosing among options that are all generally ‘bad’ which a person does not prefer at all is a ‘fake’ choice (Sen 1993; Jones and Sugden 1982), implying that it is not a very significant or meaningful choice, since choosing any one of the available options is essentially ‘bad’ and ‘undesirable’ in nature. For example, a child is asked to choose between a rotten orange and a decayed apple; this is not a meaningful choice, but merely a ‘fake’ choice, as both options are not tasty and are bad for the health, thus undesirable for the child. Low-income households in Hong Kong, with affordability constraints, often only have inadequate housing options in the private housing sector, all of which are generally (or equally) bad, such as sub-divided units with a fire risk and building-safety problems; board-partitioned rooms with problems connected with ventilation, privacy, and shared facilities; bed-spaces with issues relating to privacy, space, and dignity. They have no choice, or only a ‘fake’ choice. They are ‘forced’ by their circumstances (of low income) to live in substandard housing, but with high rents. The only way out for them will be to join the queue to be allocated public rental housing (PRH). This situation is portrayed by a housing organisation representative in the following excerpt:

First, let’s talk about private housing, as a tenant; I think the majority are forced to live in private housing, [with] a very bad environment, what is often being discussed, such as sub-divided units, [with] no window, very crowded, in addition to this, they still have to manage the high rent. [For] \$3,000 [rent], there is only one suite. This is absolutely not their free choice; they are forced to stay in such a situation....With regard to their economic background, the government is expected to allocate PRH to them...

(Case 3, representative of a non-profit housing organisation, female)

In most cases, these low-income households are faced with the situation of having ‘no choice’ but to dwell in inadequate private housing, while waiting for PRH, as shown in the following interview extract, which highlights how the housing choice for low social strata is confined to mere selection among bad options, implying a ‘fake’ choice or even ‘no choice’ at all:

Especially those singletons, with one-person income, perhaps in the past, they could only afford a bed space, or afford some cockloft. Wa! Now, there is even no such [supply, all of them] have been changed to sub-divided units. [Moving]



down the [social] ladder, the lower the social level you are on, the less choice you will have.

(Case 3, representative of a non-profit housing organisation, female)

From the above, it can be deduced that meaningful housing choice refers to choosing between generally acceptable or better alternatives, although it may involve trade-offs between different dimensions. Choosing options upwards in the housing ladder will raise the issue of affordability. Housing alternatives that are generally termed ‘worse’ (options that are available further down the housing ladder with inferior housing conditions) may be feasible, as this will be within the chooser’s affordability range, but irrelevant to a household since these ‘inferior’ options may lie outside its frame of consideration given that people tend to choose for the better. This is vividly explained in the following excerpt:

In fact, Hong Kong is a free society. If I am very rich, a millionaire, and I desire to live in board-partitioned rooms, in fact, this is feasible...Society has no limitation on this...On the other hand, [if you are poor and want to live in good housing], this is not possible because there are economic considerations. If I have no economic considerations, I can live in luxurious housing in Mid-Levels [District], I can of course have this choice; I would do so right from the beginning. [However], I have [these economic limitations]...If I choose down [the housing ladder, living in worse housing], of course, [I] can have this freedom...but I have no plan to choose this way.

(Case 14, private home-owner, 41-60 years old, male)

It is possible to distinguish between ‘fake’ housing choice and ‘genuine’ choice, depending on how the available options relate to our preferences. ‘Genuine’ housing choice that involves at least some options that are preferred and/or better than the status quo may be considered significant and meaningful choices. ‘Fake’ housing choice involves a situation where all the options generally are bad, which implies that there is ‘no choice’ at all, given that no ‘desirable’ or ‘acceptable’ option is available to choose and the only way to make a choice is to choose the ‘lesser evil’ among the bad alternatives.

## Housing Supply, Markets and Choice

There is a special relationship between housing supply and choice. In a booming housing market where there is ‘perverse demand’ (that is, demand increases as prices increase because of the increased expectation that there will be a continual increase in the price of housing), it is ‘rational’ and understandable to move forward with one’s plan to buy a flat or relocate somewhere else (King 2016), thus buttressing current housing demand even though prices are rising. This stems from the fact that house-buying is not intended merely for consumption but is also treated as a form of investment. Furthermore, there is a time lag between an increase in housing supply in response to an escalation of demand amidst a housing boom, resulting from inelastic housing supply in the short run since it takes time to build new dwellings (ibid.). This will create a supply-led and developer-led housing market that does not allow much room for consumers to choose. In the case of Hong Kong, it is not uncommon to see home-buyers queuing up to buy flats and developers drawing lots to allocate home-buying ‘rights’ and



‘priority’ among the numerous potential buyers, especially in view of the ever-increasing house prices in recent years. When housing is in short supply, the scope for housing choice may be limited, as is revealed by the following interviewee, who bought a flat in the secondary market without previewing the flat, with an ‘either-take-it or leave-it’ scenario, given the sought-after supply in a particular housing court:

No [choice of specific housing unit]...definitely not....because even if you have money, you have no free choice of housing unit, because there are [only] a very small number of flats available for you to choose...a small number of flats for sale, yes. When I bought this flat, [I] also did not preview the flat...[I] bought a lease-out flat that was for sale, with no preview of the flat [because it was leased out at the time I bought it]... not because I was lucky [to have this flat for sale]...basically I had no choice...no flat [in this building was] for sale. It was the property agent who phoned each [flat-]owner [of this building] to see whether they were willing to sell...It was at just the right time when the [former owner of my flat] was willing to sell...[we had] no choice [of specific housing unit], we had no criterion for [choosing a specific housing unit], we were just [forced to] compromise.

(Case 16, private home-owner, over 60 years old, female)

Thus, the market conditions generally and housing availability in particular (especially that in relation to the specific housing type a person favours), are determining factors relating to housing choice.

In the housing market, having a limited (or no) range of suitable housing options to choose from for buying or renting is undesirable. Equally, having an ‘unlimited free choice’ in the housing selection may not be a favourable situation either, since this may imply an excess supply of housing. When there is surplus housing, the price will decrease and there is general fear that prices will continue to drop. Home-buyers and investors will ‘choose not to buy’ out of fear of negative equity or asset shrinkage, even though there are more than enough housing units to choose from in a bustling housing market. The following excerpt illustrates this:

When people have comparatively greater choice, this is usually when there is relatively greater housing supply...For example, at earlier time, just [the time] after 1997, in 1998, strictly speaking, people in Hong Kong had a greater right to choose, there was more to choose from, because the housing market dropped, slumping drastically, eventually collapsing....Not everyone proceeded to speculate; not everyone speculated in the stock and housing [market]. There were some who had savings, their affordability [and purchasing power] at that time would have been highest, and [they] could afford [to buy and rent bigger housing]...In 1998, 1999, when we looked at the selling of HOS<sup>6</sup> [at that time], there was a sale surplus of HOS...when people had the highest affordability [level] to buy or rent, but they were afraid to choose [to buy]...this is very surprising.

(Case 6, representative of a non-profit housing organisation, male)

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<sup>6</sup> Home-Ownership Scheme (HOS) flats are government-subsidised sale flats in Hong Kong.



This shows that desirability generally increases when the range of housing choice grows owing to the greater housing supply and continues to increase till an apex is reached, after which further expansion in housing choice may indicate excess supply in the housing market, which may not be advantageous, as home-buyers may ‘decide not to choose’ instead. They ‘choose not to buy’ any housing unit (and therefore they need not make any choice) out of fear of a future decrease in house prices because of housing oversupply, which may imply a high risk of asset vaporisation and negative equity.

### Choice as a Means to Well-being

The discussion on whether choice is valued as an end in itself or merely as a means to ensure one’s further well-being involves deep philosophical debates beyond the scope of this paper. In this study context, housing choice is often valued as a means to well-being rather than as an end in itself. Having the option to change for the better may involve additional financial resources, while the options to change for the worse will not be very meaningful as one tends not to opt for the worse, even when such an opportunity is given. If one is satisfied with the status quo of one’s housing, with well-being guaranteed, the option to change, which often implies additional finance, may not be very significant. This applies especially to PRH dwellers, who may not have the financial means to opt for home-ownership or private housing and thus have ‘no choice’ that would allow them to change for the better. Nonetheless, they are very satisfied with their present housing situation, with their tenure ‘safeguarded’ and well-being guaranteed, so for them having the choice to change the status quo will in fact be insignificant. Very often, even given a choice, they may even not choose something else, and it is not for them a real problem that they do not have any real option to change because their present housing situation is very satisfactory, both subjectively and objectively. This mentality is illustrated by in an elder living in PRH who thinks the place he is living is the best for him:

[Concerning the choice of public and private housing], I have no worries, anyway, I have a place to live and it is already okay...The place where I live now is the best...[Not being able to buy or rent private housing or buy HOS] is not a problem; having a place to live now [in PRH] is okay... Yes, [this choice is not important].

(Case 18, public housing tenant, over 60 years old, male)

Being satisfied with the status quo in housing will make one less worried about having the option to change or not since moving to new housing very often involves transaction costs connected to the search for housing, physical movement and accompanying adaptations. Very often, moving house will be a ‘reluctant’ action triggered by life events, such as a change of job, the birth of a(nother) child, marriage etc., which makes the present housing situation less suitable and desirable. If there is no significant ‘push’ factor in relation to the present housing, a person will tend to stick to the status quo, making the option for housing change less vital, especially in view of the psychological and habitual inertia of humans and the desire to minimise transaction costs in moving, unless there are critical ‘pull’ factors, such as a wish to take advantage of escalating house prices to trade up, which can compensate for all the costs involved.



Since choice is often valued as merely a means to achieve housing well-being rather than as an end in itself, when a person has little choice or is initially reluctant to accept a certain housing arrangement, this may ‘unexpectedly’ lead to eventual satisfaction and the absence of any desire to opt for further changes (since a person’s preferences may change once s/he has gained new information, developed habits, and built networks after time has passed), if the initial arrangement is, in fact, an ‘overlooked good bargain’. Thus, having ‘no initial choice’ may not be very significant if this leads to eventual well-being (even though initially this was not recognised) since the latter is really the goal rather than the former. This scenario was observed in the case of one PRH interviewee who at first had overlooked the Ma On Shan District (as a good option) and wanted to choose other districts recommended by his friends. However, he was allocated a place to live in Ma On Shan PRH, which he reluctantly accepted. His initial reluctance led to the eventual discovery that he was content living in this assigned district:

I got used to living in this district, [I would prefer to stay] in this district. I have lived here for more than 10 years....It is good living here [in this district]. It is near the shopping centre; [I] can reach it by just going down the floors [of my building]....I have a place to live, why do I need to choose another district.... No problem [regarding the choice over districts], I am used to living here and this makes this [district] good [for me]. In the beginning, I did not want to move here, they allocated [this PRH to] me; so I moved here. [Now] I have been here for quite some time, I don’t think about moving....I am used to [this district], and it has become good for me.

(Case 18, public housing tenant, over 60 years old, male)

Very often, it is only when an individual is in a bad housing situation (and with no option to change) that it is imperative to resolve the situation, which may necessitate assistance from the government (through welfare) or from one’s community (through philanthropy). When one is in a desirable, or at least acceptable, housing situation (even if one does not have much choice about changing housing or does not initially have a choice), this may not be alarming, because a person’s well-being is not threatened when there is no choice to change for the better. After all, choice in the housing arena is often viewed as a means to eventual well-being, rather than as an end in itself.

## **Perspective- and Concept- Building Related to Housing Choice**

Based on the above qualitative findings, the following perspectives and concepts related to housing choice are drawn:

- The Market Perspective of Housing Choice

Desirability level generally increases with greater range of housing choice (as housing supply increases) till a climax is reached, after which a further expansion of housing choice may be a sign of excess housing supply, which may not be advantageous, and home-buyers may instead ‘decide not to choose or buy’.

- The Perspective of Housing Choice for Well-being



Choice in the housing arena is often viewed as a means to eventual well-being, rather than as an end in itself. Usually, housing choice (or the possibility to choose for the better) is only vital when an individual is in a bad housing situation, but has no option to change. When a person is in a desirable (or at least acceptable) housing situation, it may not necessarily be alarming if there is not much choice for a housing change (for the better) or not to have an initial choice.

- The Concepts of ‘Fake Housing Choice’ and ‘Meaningful Housing Choice’

Housing choice is ‘genuine’ and ‘meaningful’ if there are meaningful and significant options among a few desirable (or acceptable) housing alternatives. ‘Fake housing choice’ involves having to choose between housing options that are all generally bad.

Housing alternatives that are generally termed ‘worse’ (which are the options available further down the housing ladder with inferior housing conditions) may be viable as they will be affordable for the chooser, but are an ‘irrelevant and not meaningful housing choice’ since these ‘inferior’ options may lie outside the household’s frame of consideration given that people tend to choose for the better. However, ‘significant and meaningful housing options’ further up the housing ladder will involve the issue of affordability.

The above perspectives and concepts that emerged from this study’s research findings (based on empirical conclusions drawn in relation to the Hong Kong housing context) can be further verified and explored in future quantitative research work within the context of Hong Kong or other housing systems.

## Policy Implications and Conclusion

From the perspective of the government and the society at large, having only a ‘fake’ choice where all options equally bad, which essentially amounts to having ‘no choice’, is a situation that needs immediate attention. Having a ‘genuine’ but ‘constrained’ choice, where the options involve some trade-offs among certain desirable dimensions, which is often the ‘norm’ faced by many, will be an acceptable and practical situation. Housing choice can be increased with more housing supply. This can give home-buyers and tenants more bargaining power, that is, they can ‘vote with their money’ by purchasing or renting homes that suit them and not being ‘forced’ just to take the inadequate option offered to them in the market, even if they find it undesirable. Therefore, it is important for the government to ensure that there is adequate supply of different types of housing, of various sizes, in different districts, with different amenities and services offered in the neighbourhood etc., to ensure that there is ‘genuine’ choice and increased choice range for the potential home-buyers and tenants, thereby enhancing their well-being. However, it should be noted that increasing choice range beyond the optimal level may not be favourable since this may imply an excess supply of housing. ‘Genuine’ but ‘constrained’ choice within an appropriate choice range may perhaps be the standard that should be sought in housing policy.

Reflecting on the above, there is no **established** relationship between choice and housing well-being. If ‘genuine’ choices (that is, choosing among different desirable or acceptable housing options) are involved, the greater the number of housing options (and thereby the greater the housing choice), the greater the degree of desirability (and housing well-being) there will be, till an apex is reached, beyond which the desirability level may decrease as housing choice





increases given the possibility of the housing market witnessing a surplus of housing. As for ‘fake’ choice (that is, having to choose between a few generally ‘bad’ options), merely increasing the range of housing choice (by adding more generally ‘bad’ housing options available to choose from) does not necessarily increase the desirability level and housing well-being.

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