

Affordable housing: Singapore's experience

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Sep 20, 2024

Homeownership rate ~ 90%



Tampines Town

Source for image: HDB

Housing & Development Board (HDB)

71% of housing units

94% sold, 6% rental

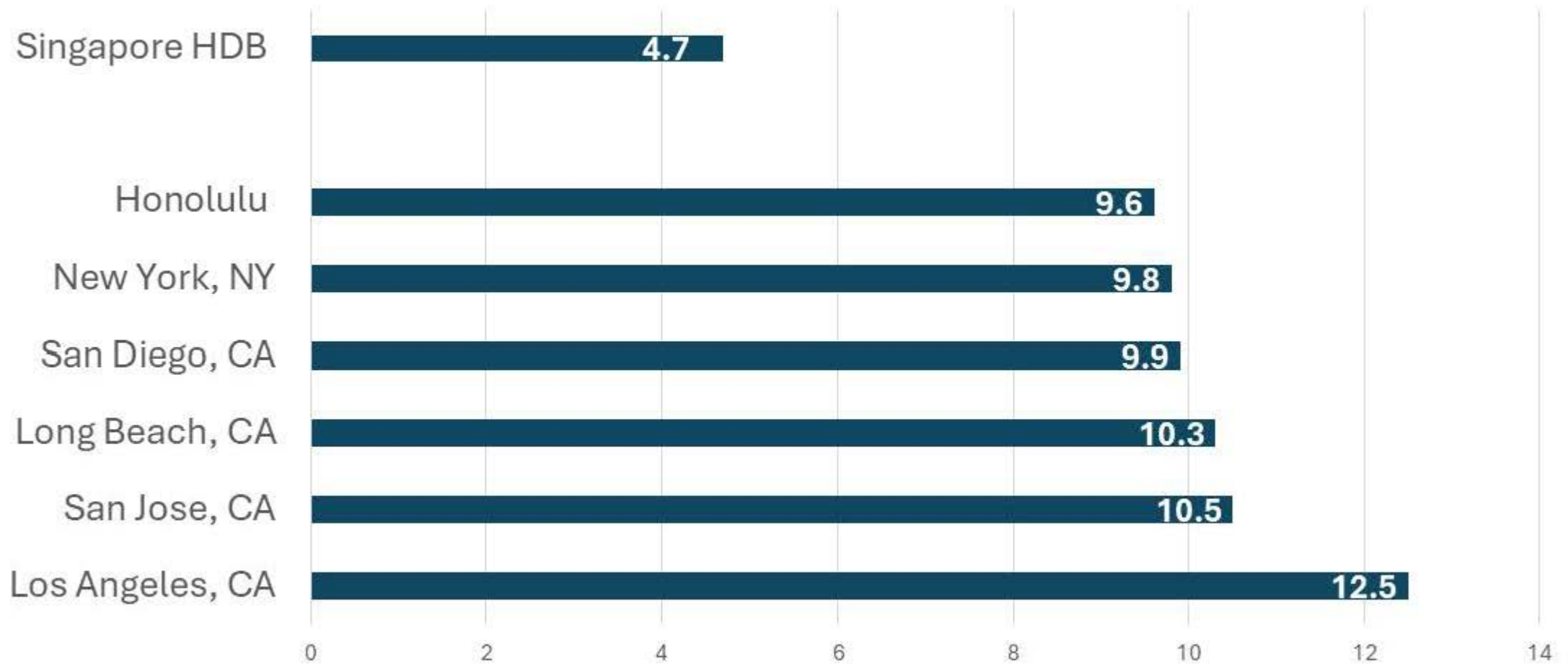
Established in 1960

Leasehold 99 years

Private high-rise **24%**
(fee-simple and **leasehold**)

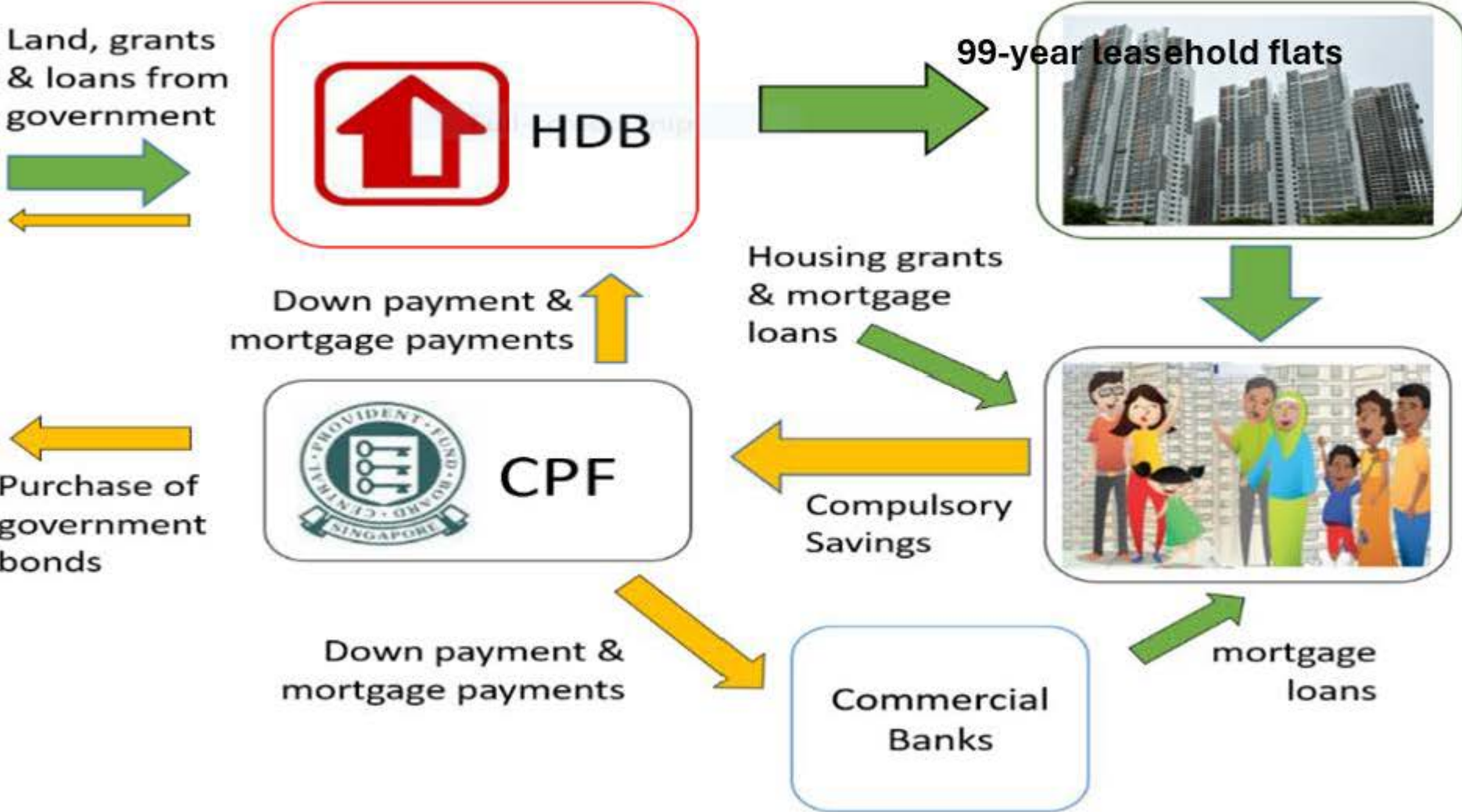
Private landed **5%**
(mostly fee-simple)

House Price to Household Income Ratios 2022

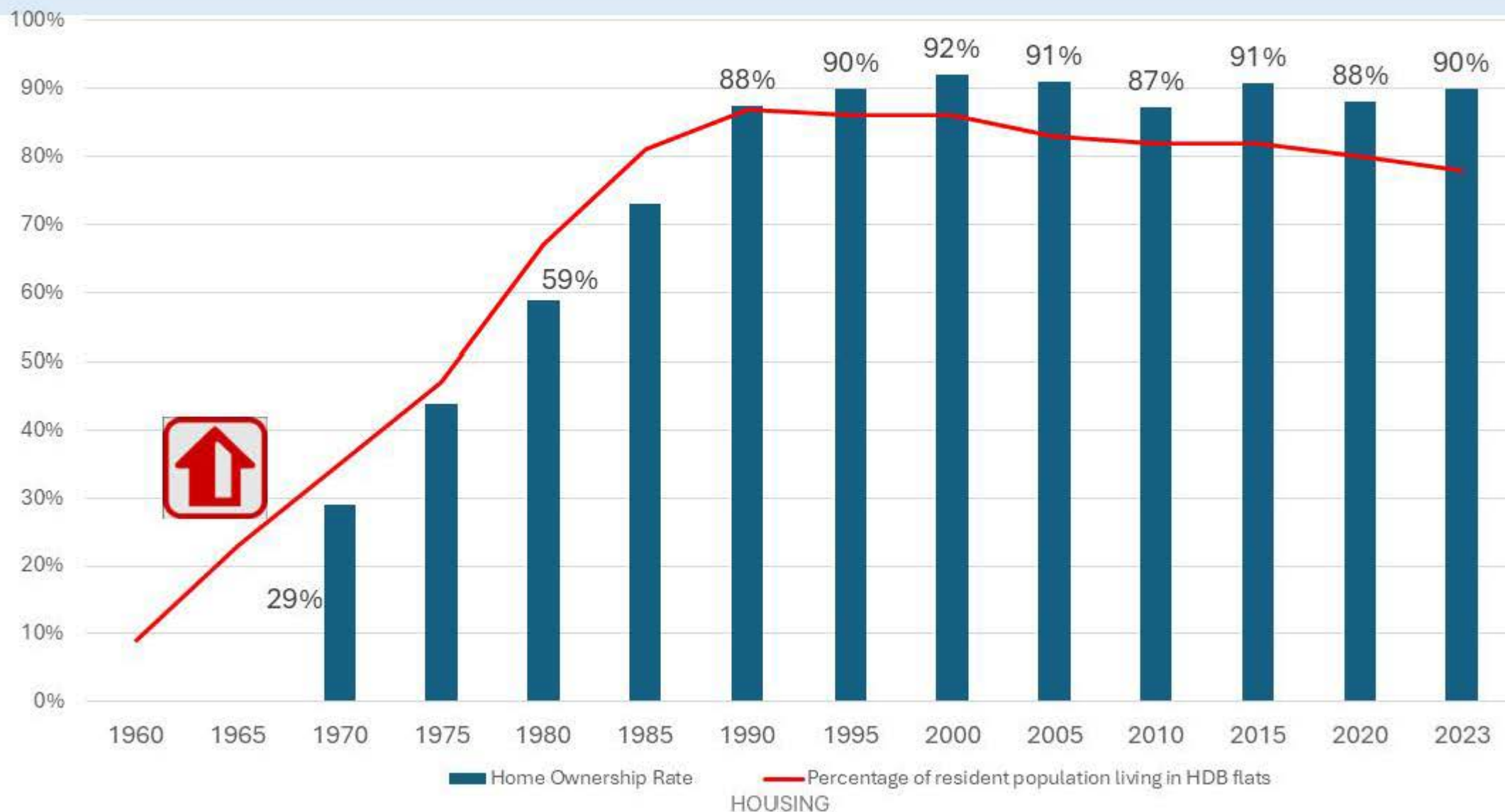


Sources for data: Singapore: https://asia.uli.org/wp-content/uploads/2023/05/ULI-Home-Attainability-Index-report_-28-May-Finalised.pdf; US cities: <https://constructioncoverage.com/research/cities-with-highest-home-price-to-income-ratios>

Central Provident Fund savings for housing finance



Homeownership and HDB population



Pricing for affordability

Flat Prices in February 2024 BTO Exercise			Sticker Prices S\$	Net Prices S\$	Market Prices S\$
Town	Project	Flat Type	Selling Price (Excluding Grants)	Selling Price (Including Grants ^)	Transacted Prices of Resale Flats Nearby #
Punggol	Matilda Riverside	2-room Flexi	From \$131,000	From \$51,000	\$325,000 - \$360,000
		3-room	From \$242,000	From \$167,000	\$425,000 - \$455,000
		4-room	From \$318,000	From \$258,000	\$530,000 - \$605,000
		5-room	From \$464,000	From \$419,000	\$650,000 - \$745,000

^ For illustration purposes, the assumed **Housing Grant amounts** are:

- 2-room Flexi flat: \$80,000
- 3-room flat: \$75,000
- 4-room flat: \$60,000
- 5-room flat: \$45,000

HOUSING

**Average discount
from market prices
~ US\$230,000 per
household**

Housing grants for first time homeowners S\$

(amounts effective from Aug 20, 2024)

Grants for **new and resale** HDB flats for 1st time homeowner households

Household monthly income	Enhanced Housing Grant
≤\$1,500	\$120,000
\$1,501 - \$2,000	\$110,000
\$2,001 - \$2,500	\$105,000
\$2,501 - \$3,000	\$95,000
\$3,001 - \$3,500	\$90,000
\$3,501 - \$4,000	\$80,000
\$4,001 - \$4,500	\$70,000
\$4,501 - \$5,000	\$65,000
\$5,001 - \$5,500	\$55,000
\$5,501 - \$6,000	\$50,000
\$6,001 - \$6,500	\$40,000
\$6,501 - \$7,000	\$30,000
\$7,001 - \$7,500	\$25,000
\$7,501 - \$8,000	\$20,000
\$8,001 - \$8,500	\$10,000
\$8,501 - \$9,000	\$5,000
>\$9,000	NA

Buying a resale flat

Buying a 2- to 4-room resale flat:

- SC/ SC: \$80,000
- SC/ SPR: \$70,000

Buying a 5-room or bigger resale flat:

- SC/ SC: \$50,000
- SC/ SPR: \$40,000

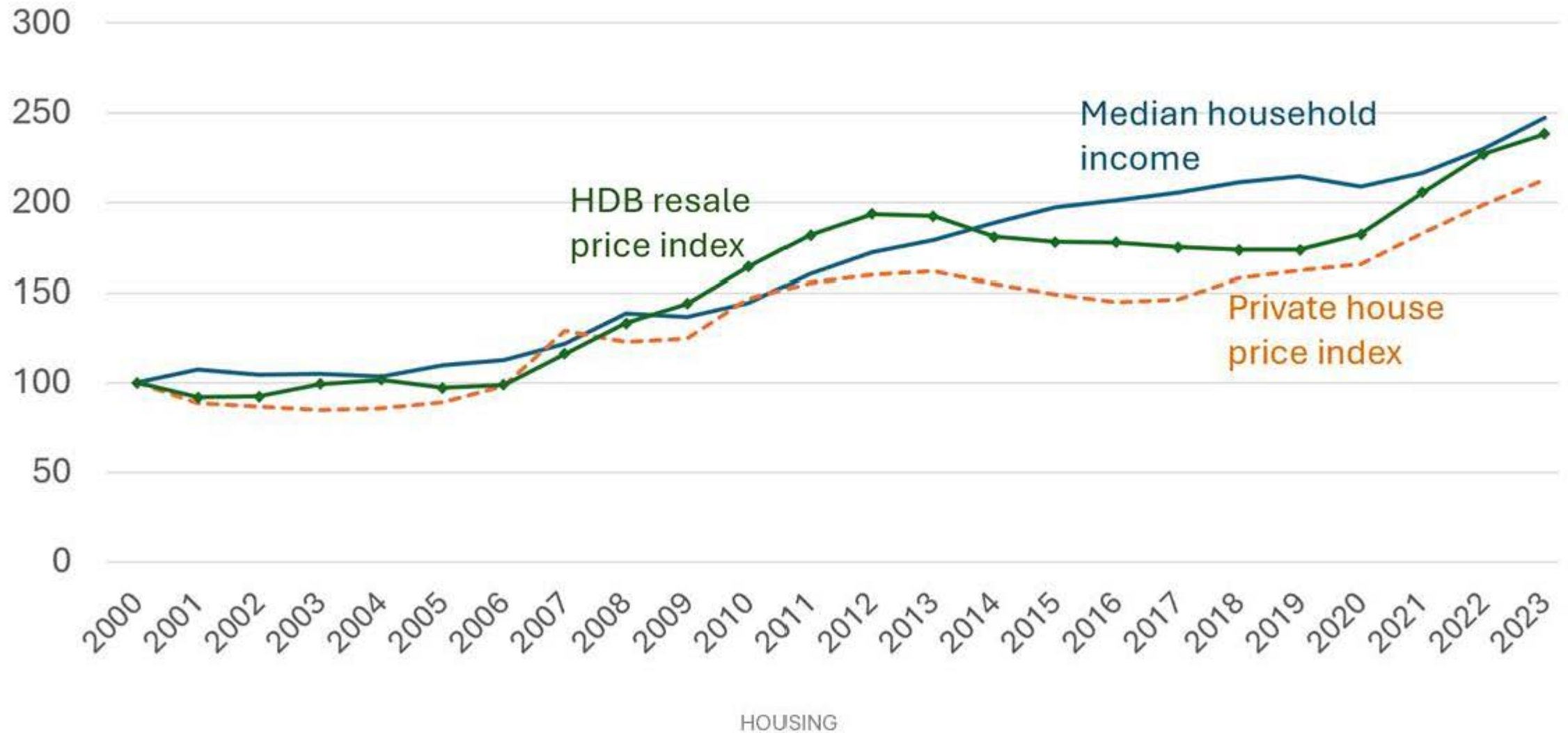
Proximity Housing Grant

- \$30,000 to live with your parents/ child
- \$20,000 to live near your parents/ child (within 4km)

Housing

HOUSING

Keeping house prices in line with incomes



Property market “cooling” measures

Round	Date	Policy instrument			
		Changes to LTV ratio and TDSR caps, mortgage loan conditions	Increase in Buyer Stamp Duty (BSD) and ABSD	Changes to Seller Stamp Duty (SSD)	Other regulations
1	14 Sep 2009	√			
2	20 Feb 2010	√		√	
3	30 Aug 2010	√		√	
4	14 Jan 2011	√		√	
5	8 Dec 2011		√		
6	6 Oct 2012	√			
7	12 Jan 2013	√	√		√
8	29 Jun 2013	√			
9	27 Aug 2013	√			√
10	9 Dec 2013	√			√
11	11 Mar 2017	*	√	*	
12	06 Jul 2018	√	√		
13	16 Dec 2021	√	√		
14	30 Sep 2022	√			√
15	15 Feb 2023		√		
16	27 Apr 2023		√		

Note: * denotes relaxation of measures. From 11 March 2017, seller stamp duty was reduced and TDSR cap ceased to apply to mortgage equity withdrawal loans with LTV ratio equal or below 50%.

Source: For details of policy changes, see SRX Property Portal at <https://www.srx.com.sg/cooling-measures>

A cocktail of “takings” and “givings”

A. Housing Supply Interventions

1. **Government land acquisition/reclamation**
2. **Land use planning**
3. **HDB (71%)**
 - provides rental housing (4%)
 - develops units for sale (67%)
 - regulates secondary market (resale HDB flats)
4. **Executive Condominium PPP Scheme (2%)**
5. **Private housing (27%)**
 - rent decontrol
 - land use Master Plan: up-zoning guidance
 - legislation to remove gridlock and incentivise redevelopment at higher density
 - transparent land **betterment tax** framework
 - government **land sales** for private housing

B. Housing Demand Interventions

1. **CPF savings for housing purchase**
2. **Market segmentation & regulation**
 - residency status (citizen, PR, foreigner)
 - household income
 - household profile (ethnicity, age, marital status)
 - location (prime, plus, standard)
3. **Macroprudential (anti-speculation) policies**
 - buyer stamp duty (1% - 6%)
 - additional **buyer stamp duty** (0% - 65%)
 - individual or entity
 - residency status
 - number of housing units owned by buyer
 - **seller stamp duty** (0% - 12%)
 - caps on LTV, DS and TDS ratios
4. **Progressive property taxes (0% -36%)**

Prices: leasehold vs fee-simple

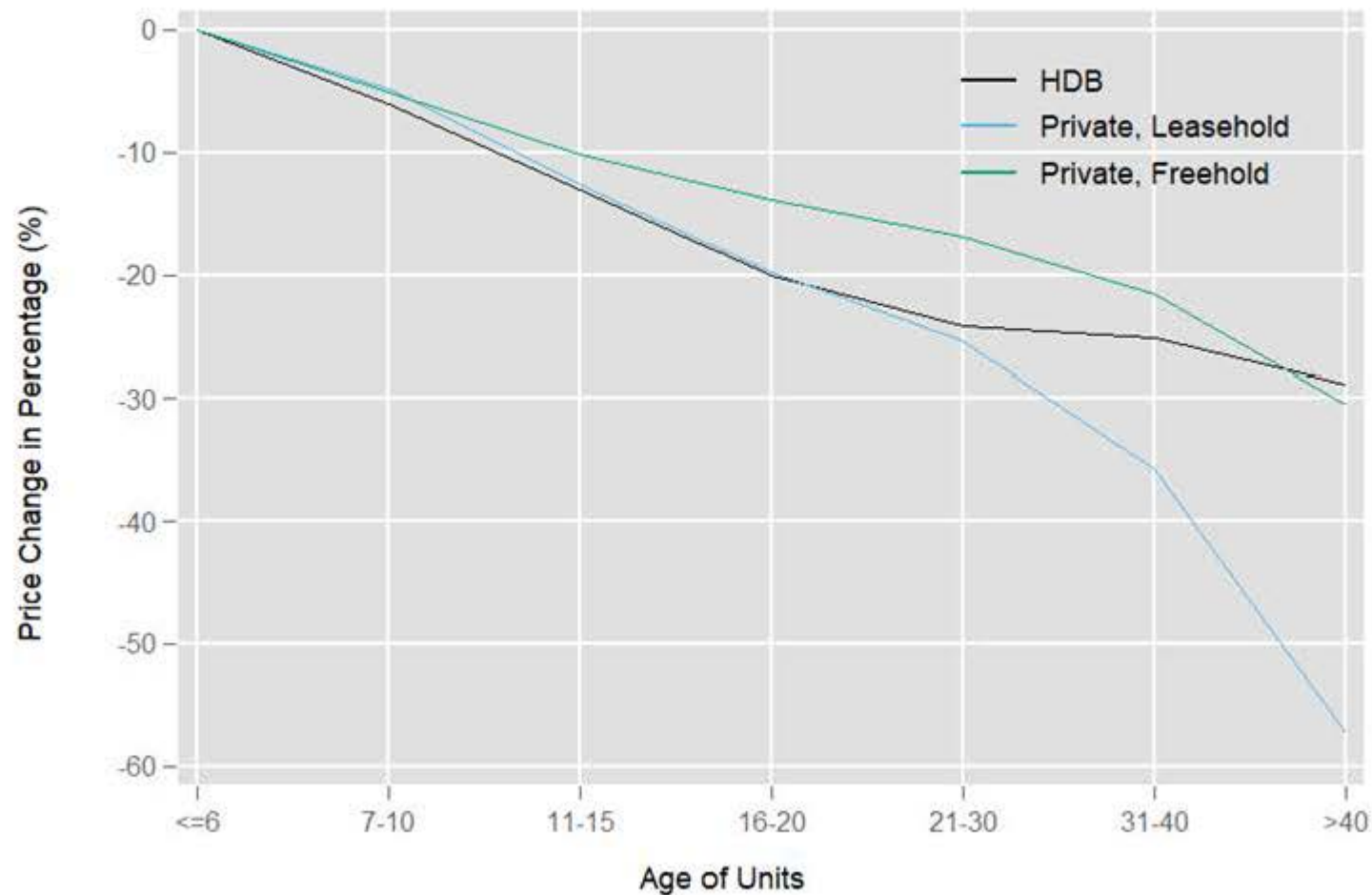
Sing and Sia (2021)

- 1995 to mid-2019 period, dataset of 156,500 private non-landed housing transactions (49% freehold, 51% leasehold)
- **Freehold property sold at 10.4% higher** on average per unit price than comparable leasehold properties, after controlling for property age, unit size, distance to MRT, CBD, etc.

Agarwal and Sing (2019)

- 1997 to 2017 period, dataset of 618,000 resale non-landed housing transactions (77% HDB, 11% private leasehold, 12% fee-simple)
- depreciation rates for the three housing types are very similar in the first 10 years
- after 10 years, private freehold residential properties depreciate at a slower rate relative to private leasehold residential properties and HDB flats.
- depreciation rates of private leasehold residential properties and HDB flats are similar to each other for up to 20 years.
- after 20 years, HDB flats depreciate much slower than the two classes of private residential properties.

Price change with age of housing unit: HDB leasehold, Private leasehold, fee-simple



Source: [Agarwal and Sing \(2019\)](#)

LEASEHOLD

Collective sales of private properties

- First sale in 1994
- Allows aged developments to be redeveloped, increasing supply of properties
- Rezoning and upzoning potential of plots publicized in each Master Plan review
- Market-driven and benefiting owners, developers, buyers
- Pre-1999: 100% consensus required
- From 1999: require at least 80% majority of owners (by share value). For developments < 10 years old, at least 90% majority.
- 2017: 31 deals for a total of US\$6.5 b
- 2018: 36 deals for a total of US\$7.9 b
- offers leasehold property owners exit option as lease runs down

HDB's Selective Redevelopment Scheme (SERS)

1995-2024: 83 sites

Redevelopment of older HDB estates via compulsory acquisition

1. Announcement
2. Exhibition
3. Flat valuation
4. Owners meet with HDB official
5. Precinct survey
6. Compensation notice
7. Rehousing choice
8. New flat selection
9. Key collection
10. Moving out
11. Celebrating with neighbours

Source: [HDB](#)

Largest SERS project (2014)

Tanglin Halt: 31 blocks, 3,480 flats, about 200 market & hawker stalls, shops and eating houses, 7 commercial blocks



From Tanglin Halt (10 storeys) to Dawson (47 storeys)

HOUSING SUPPLY	Hawaii	Singapore
Land	Nearly 50% government-owned	90% state owned
Permitting time	Median processing time 386 days (Multifamily) Recent: Gov. Josh Green emergency proclamation	
Affordable rental housing provision	HPHA; HHFDC LIHTC; OHA; DPP HCDA Reserved Housing; Recent: Teachers Workforce Housing PPP	HDB rental; PPPs to operate HDB rental blocks
Affordable housing for sale	OHA; DPP; HHFDC Affordable Housing; HCDA Reserved Housing	HDB sale; Executive condominium PPPs
Leasehold housing for sale	Existing practice; HHFDC 55-year; Recent: 99-year leasehold HPHA, HHFDC, HCDA, Kauai County	HDB and GLS - 99 years HDB: 15 to 45 years for seniors
Market segmentation	Public rental housing; AMI restricted rental; AMI restricted for sale housing	HDB public rental, HDB new sale flats, HDB resale flats, Private Condominium, Private landed
Resale restrictions	HCDA reserved housing: “Regulated term” of 2, 5 or 10 years;	HDB: “minimum occupancy period” of 5 or 10 years; Resale levy

HOUSING DEMAND	Hawaii	Singapore
Rental housing vouchers	Housing Choice Voucher	Temporary: For households waiting for new HDB flats to be completed
Affordable Housing eligibility (income caps)	Up to 140% AMI (varies with household size)	US\$12,300 monthly income (~150% median household income) for 1 st time homebuyers
Mortgages	Mortgage interest deduction, FRM	CPF, 2.6% interest rate
Housing grants for first time homeowners	HCDA Shared Equity for Reserved Housing	Up to US\$92,000 for new discounted price HDB flat.
	VP Harris's proposal : provide \$25,000 downpayment assistance ?	Up to US\$176,000 for HDB resale flat
Foreign buyers	Bill : ban foreigners from buying properties in Hawaii ?	Foreign buyers limited to buying private condominiums (60% additional tax on price)
Empty homes tax	Bill 46 : 3% of property value ?	Owner-occupied concession
Transaction taxes	Transfer taxes: up to 1.25% of purchase price; Homeowner exemption	Additional Buyer Stamp Duty: up to 65% of purchase price; Single-property citizen homeowner exemption
Short term rentals	<u>Regulated</u>	Airbnb banned