



# AFFORDABLE HOUSING FINANCING AND DELIVERY IN SINGAPORE

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**“Constructing and Financing Affordable Housing across Asia”**

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# Outline

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**01**

**Overview of Public Housing**



**02**

**Delivering Affordable and Accessible Homes**



**03**

**Housing Finance and Central Provident Fund**



**04**

**Building Vibrant Towns And Cohesive Communities**



**05**

**Conclusion**



# SINGAPORE



Land area: 724.2 km<sup>2</sup>



Total: 5.64 million  
Residents: 3.99 million



Population density:  
7,804 persons per km<sup>2</sup>

Source: DOS (as at 2018)



# Key Economic Profile - 2018



**GDP: USD\$361.05 billion**  
**Per Capita: USD\$64,030**

**Inflation: +0.4%**

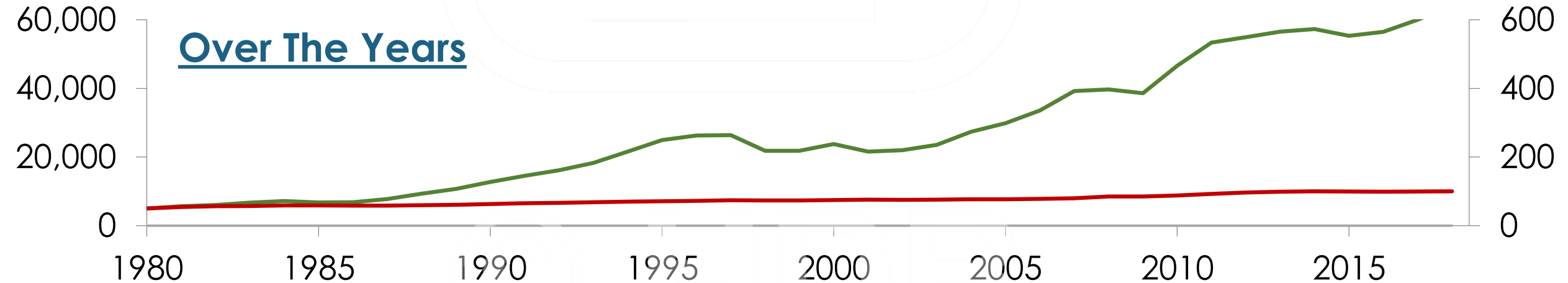
**Unemployment: 2.2%**

**Singapore had budget surpluses in most years since 1988**

**GDP per capita (US\$)**

**Consumer price index**

Over The Years



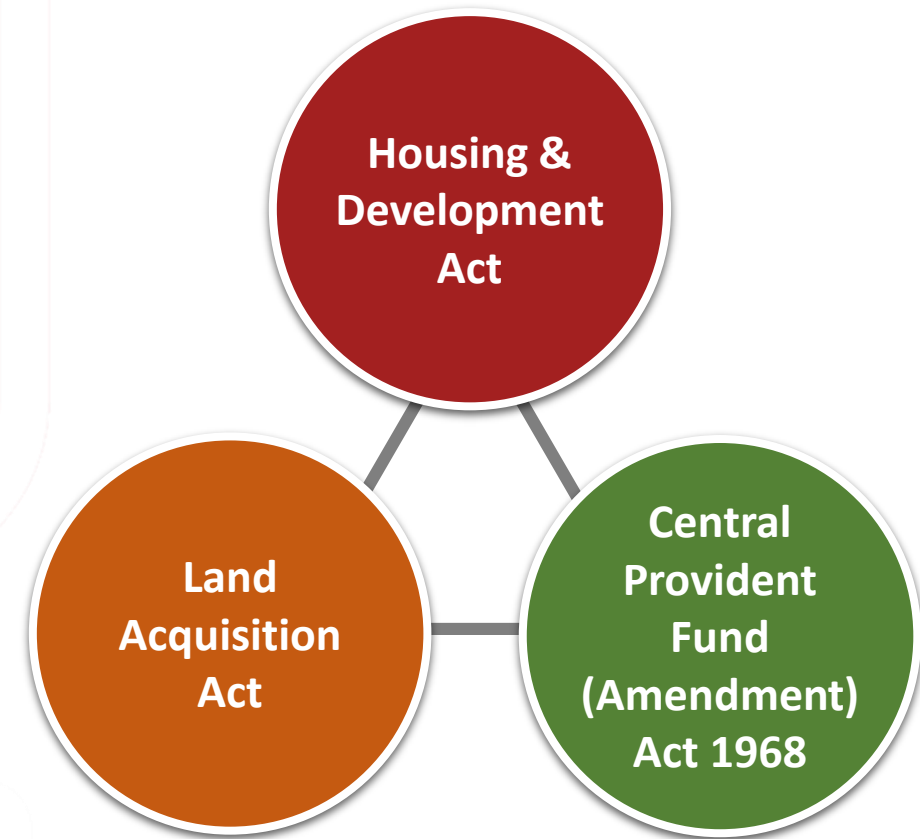
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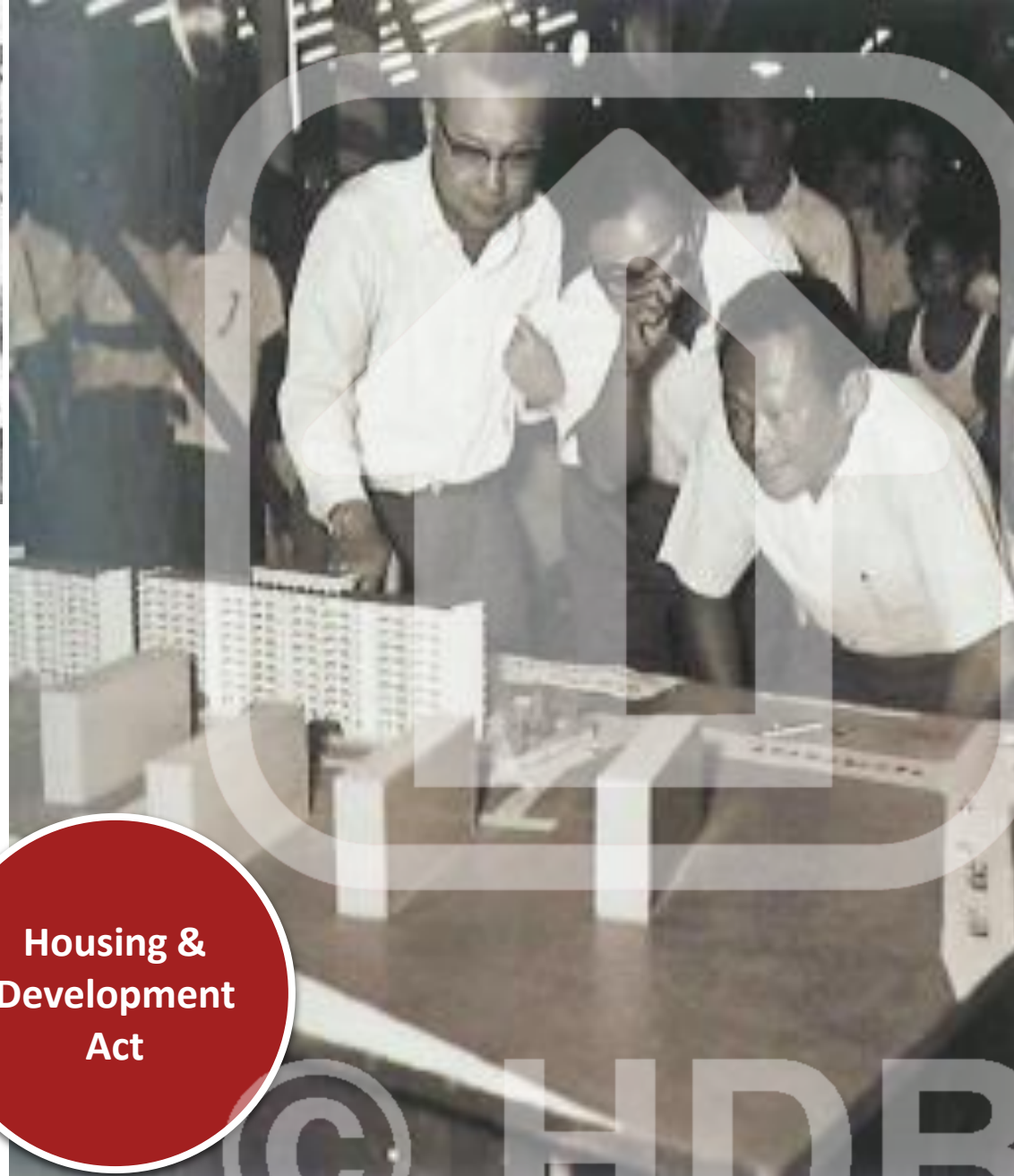


# Government & Legislation

- **Centralised, Single level of Government**
  - Address issues based on **national-level considerations**
  - High degree of coordination amongst Agencies
- **Political Stability**
  - Enable **continuity** in policy implementation
  - Facilitate implementation of necessary policies, **even if unpopular**
  - Work closely with people towards a **shared purpose**

## Key Legislation



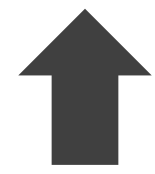


# 1960 :

HDB formed to address housing shortage

Housing & Development Act

5 years



50,000

- ❖ HDB built 50,000 flats within 5 years
- ❖ Housing shortage resolved within 10 years
- ❖ Sole Agency, Multiple Roles



Housing Authority



Town Planner



Master Developer



Financier





Land  
Acquisition  
Act

# Land Acquisition

- 1920: Land Acquisition Ordinance

## 1966 :

- Replaced with **Land Acquisition Act**
- Complemented by resettlement policies
  - Enabled resettlement of squatters
  - Freed-up vast tracts of land for public use at low cost

General view of the earthworks at the Bukit Ho Swee fire site





*"My primary preoccupation was to give every citizen a stake in the country and its future... if every family owned its home, the country would be more stable... I believed this sense of ownership was vital for our new society..."*

~ Mr Lee Kuan Yew  
Founding Prime Minister of Singapore

# Home Ownership Model

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1964:  
INTRODUCTION OF  
"HOME OWNERSHIP  
FOR THE PEOPLE"  
SCHEME



Encourage better maintenance



# Home Ownership

Promote rootedness and a sense of belonging



Provide a stake in the country



Build strong work ethics



Provide an asset and a store of value



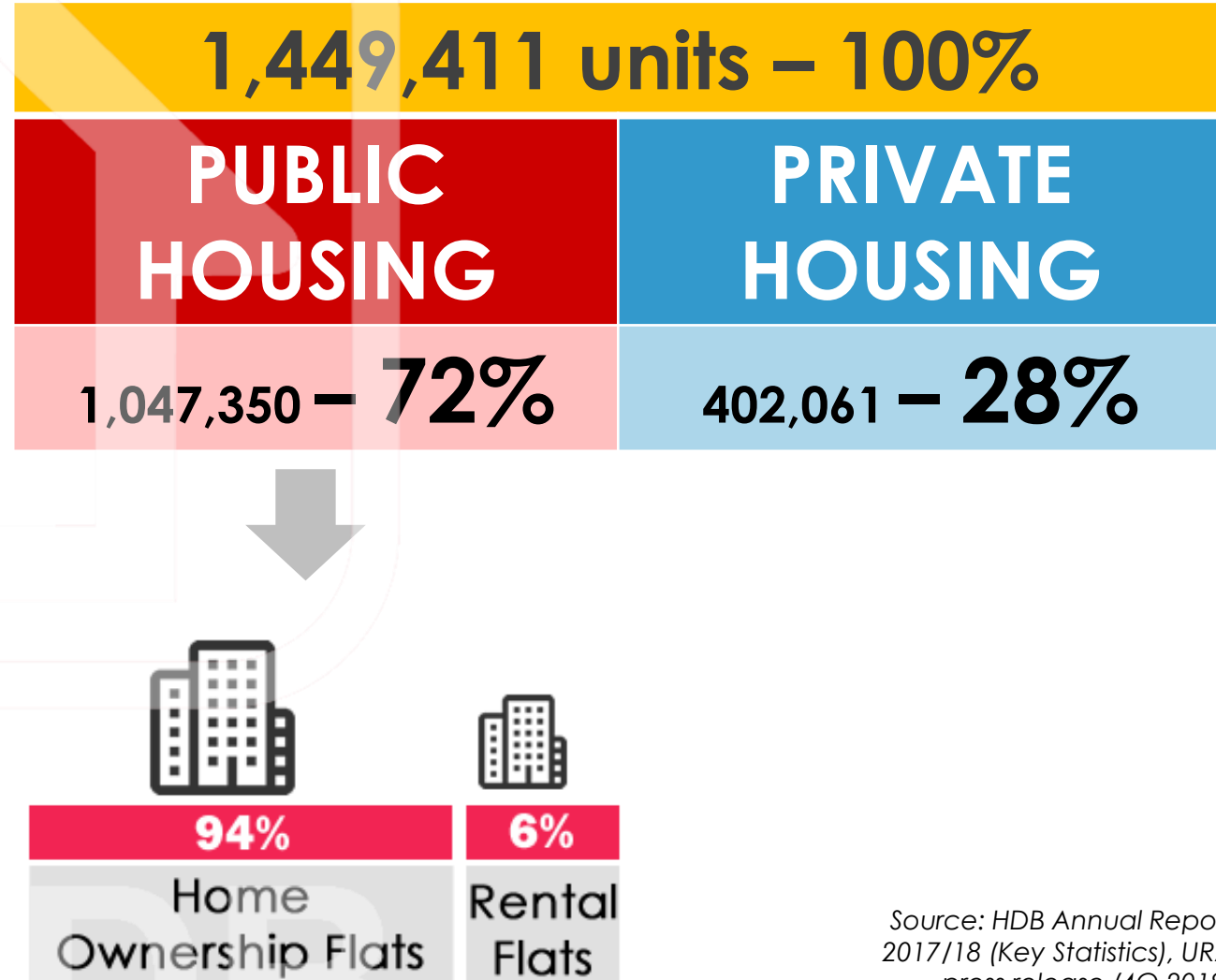
# Majority Live In HDB Flats

1964

23% of resident population live in HDB flats

2018

81% of resident population live in HDB flats



Source: HDB Annual Report 2017/18 (Key Statistics), URA press release (4Q 2018)



# Public Housing Structure



## New Flats

(from HDB)

### Primary target group:

- First-time citizen home buyers

### Mechanism

- Build-to-Order (BTO) system; flexibility in location & timing
- Subsidised price

Sell flat in open market after meeting the minimum occupation period



## Resale Flats

### Open to wider pool:

- High income earners
- Citizen home buyers
- Permanent residents
- Private property owners\*

### Mechanism

- Price negotiated between buyer and seller

\* Subject to disposal of private property within 6 months after resale flat purchase



# Eligibility Conditions & Policies





## NEW FLATS

### BOUGHT DIRECT FROM HDB



#### Eligibility Criteria

- Singapore citizens
- Families (aged 21 and above)  / singles (aged 35 and above) 
- Household monthly income not more than S\$12,000 (family) / S\$6,000 (single)
- Not own private residential property



#### Owner Occupation

- One flat per household
- No resale or renting out during first 5 years of ownership

# Affordable & Accessible Homes



## SUFFICIENT SUPPLY

New flats in different sizes and locations



## SUBSIDIES & GRANTS

Generous subsidies & concessionary housing loans



## FINANCIAL PRUDENCE

Generous subsidies & concessionary housing loans



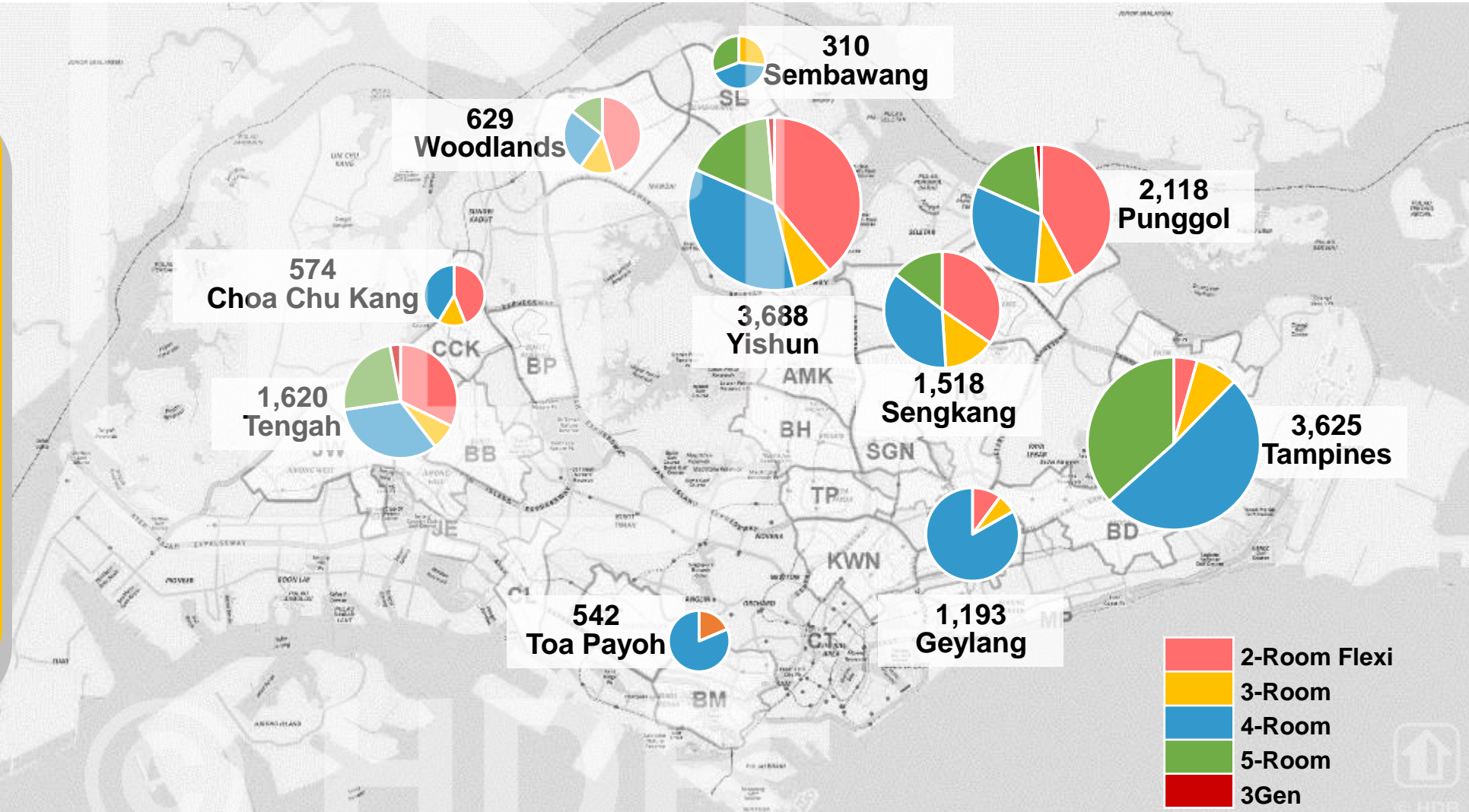
# New Flat Supply

Year 2018 Build-To-Order Flat Supply: **15,800** units

Sufficient supply

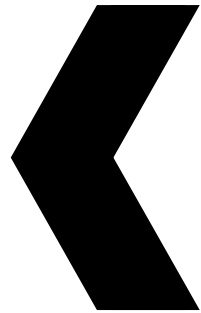
Good Geographical Spread

Wide Range of Flat Types



# A Home for Every Family

**RENTAL  
FLATS**



**2-room Flat**  
36-45 sqm



**3-room Flat**  
65 sqm



**4-room Flat**  
90 sqm



**5-room Flat**



**3Gen Flat**

**EXEC CONDOS PRIVATE  
PROPERTY**



# Subsidies and Grants



**NEW FLATS**

(Sold at a discount)



**RESALE FLATS**

(market price)

**Special CPF Housing Grant**

(\$5,000 to \$40,000, tiered by income)

**CPF Housing Grant** (\$40,000 or \$50,000) +

**Proximity Housing Grant** (\$20,000 or \$30,000)

**Additional CPF Housing Grant**  
(\$5,000 to \$40,000, tiered by income)

**Concessionary Loan @  
2.6%\***

\* Pegged at 0.1% above CPF Ordinary Account interest rate





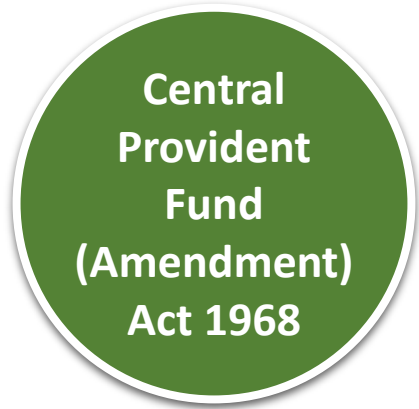
# Encourage Financial Prudence

- Introduced credit assessment in Apr 1997 to instil financial prudence
- Buyers obtain an HDB Loan Eligibility Letter (HLE), or a Letter of Offer from financial institutions, **before** they commit to buy a flat
  - To facilitate budgeting for flat purchase
  - To encourage “buying within your means”

## Mortgage Financing Conditions for Borrowers

- Mortgage servicing ratio / Total Debt-Servicing Ratio caps
- Maximum loan tenure
- Maximum loan-to-value

# Central Provident Fund

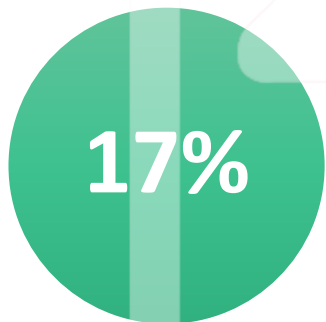


Singapore's social security savings plan

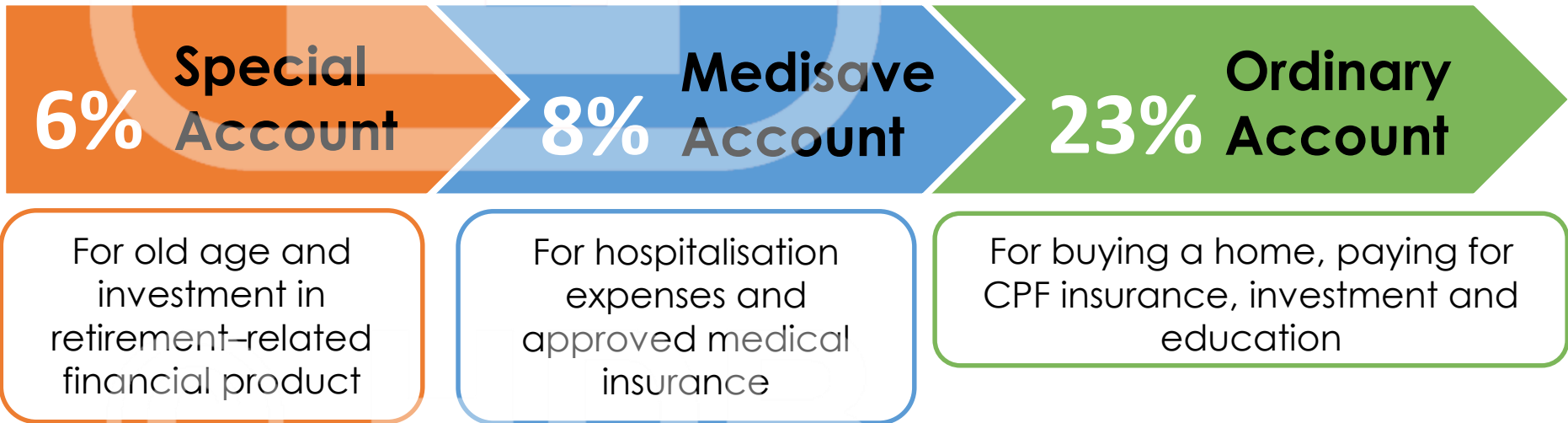
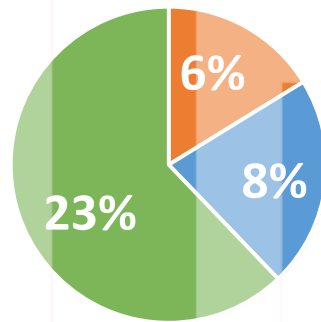
Employee's contribution



Employer's contribution



CPF Savings



\* Singapore Citizen, 35 years and below, earning more than \$1,500

# Minimal Cash Outlay

## Time For Accumulation of Downpayment

- Most First –timer households can save for the downpayment in CPF **within 3 years**

## Mortgage Servicing Ratio (MSR)

- Ratio of monthly mortgage instalment to household income

**23%**

CPF ORDINARY ACCOUNT

Flat Type	New Flat Price in 2018	Housing Grants	Net Price (Less Grants)	Applicants' Median H/H Income	Monthly Mortgage Instalment	MSR	Instalment Payable By Cash
2-room	\$122,000	\$75,000	\$40,000	\$1,800	\$158	9%	\$0
3-room	\$202,000	\$65,000	\$131,000	\$2,700	\$530	20%	\$0
4-room	\$306,000	\$45,000	\$251,000	\$4,900	\$1,046	21%	\$0
5-room	\$405,000	\$0	\$377,000	\$6,800	\$1,654	24%	\$90

## Mortgage instalment

Less than a quarter of monthly household income

Pay using monthly CPF contribution with minimal cash top-up

Below international benchmark of affordable housing (30-35%)



# Town Planning

Tengah New Town

## Concept Plan [ reviewed 10 yearly ]

- Strategic, integrated long term land use & transport plan guiding Singapore's development over **50 years**
- Population Projections

## Master Plan [ reviewed 5 yearly ]

- Statutory and medium term; guiding over **10 – 15 years**
- Permissible land use and densities

## HDB Town Plan

- Comprehensive Town Plans with self-sufficient amenities & integrated with transport ; optimize land

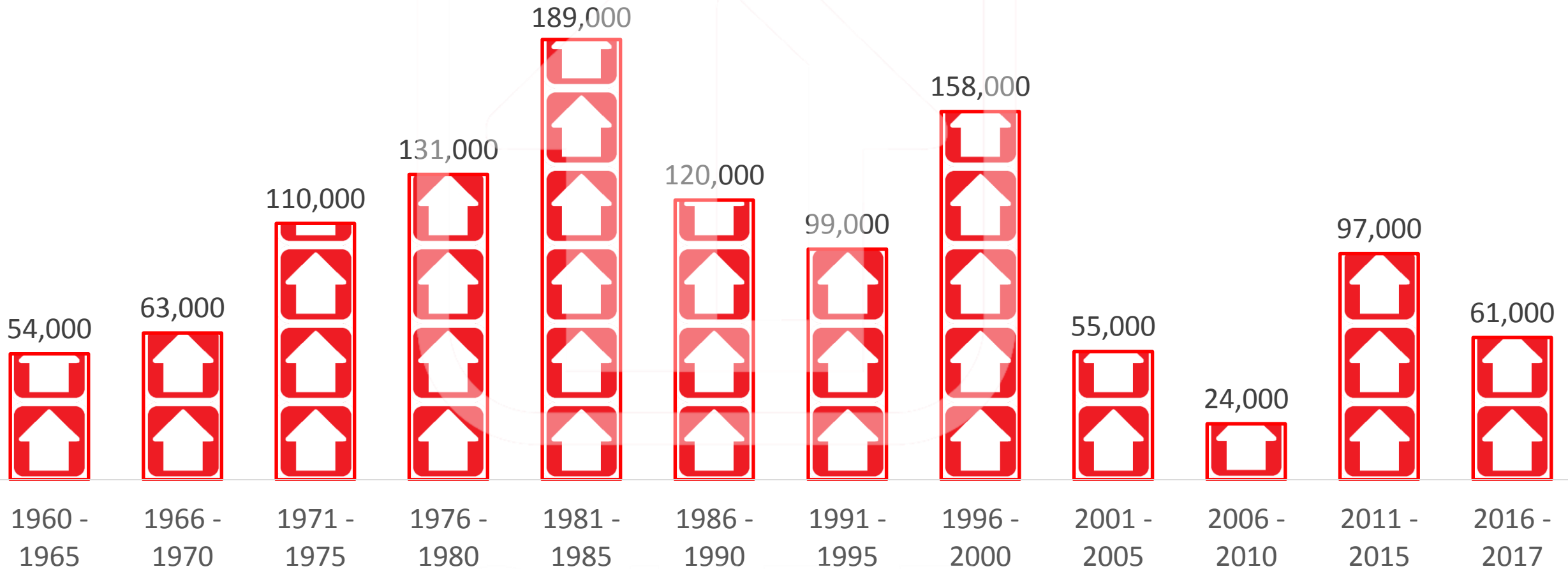


# Design and Construction

- Active role in managing design and construction
- Construction carried out by private sector contractors, procured through open tenders
- Evolution of design and building technology over the years



# Flats Built Over The Years



Source : HDB Annual Report FY 2017/18



# Estate Renewal Strategy

- Bring older HDB estates closer to standards of newer ones
- Maintain functionality and liveability of HDB estates



Home Improvement Programme

Lift Upgrading Programme

Neighbourhood Renewal Programme

Selective En bloc Redevelopment Scheme

Remaking Our Heartland



# Cohesive Communities

Multi-racial  
Multi-cultural  
Society



High-rise  
High-density  
living

**Social harmony and integration is key**

**Conscious effort to build social cohesiveness**

**Physical  
Design**

**Public Housing  
Policies**

**Community  
Building**





# Funding of Public Housing



- **Financing of Capital Expenditure**

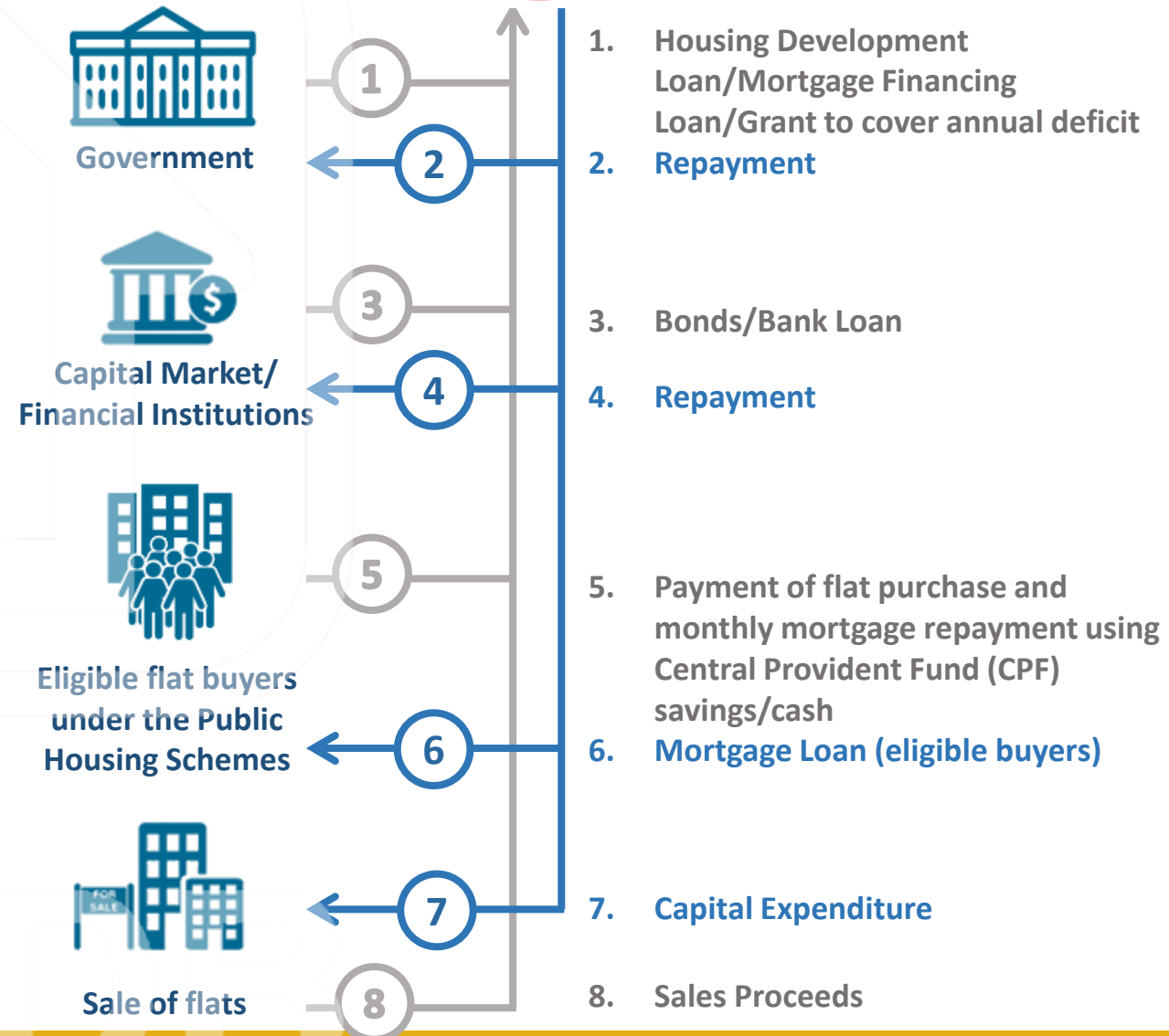
- Bond issuance
- Government loans

- **Financing of Mortgage Loans to Flat Purchasers**

- Government loans

- **Financing of Annual Net deficits**

- Government grant

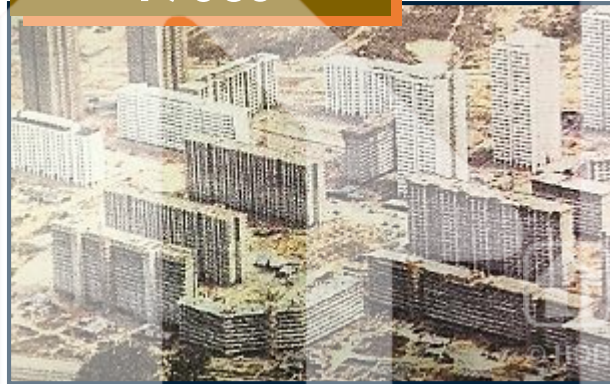


# Over the Years

1950s



1960s



1980s



Punggol Waterway Terrace



The Pinnacle@Duxton



2000s



# Key Success Factors



**Strong commitment from government**

**Access to Land and Long-term land use planning**

**Forward looking, responsive policies with focus on Home-ownership**

**Financing through use of Central Provident Fund (CPF)**

**Continuous renewal and rejuvenation**



# Challenges



Continuing economic growth and full employment



Prioritising of programmes as resources are limited



Meeting the needs of changing demographics, e.g. ageing population



Ensuring a stable and sustainable public housing market



Ensuring housing remains affordable to both Government and the people





**Thank You**

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