

**OPENING REMARKS BY MR DESMOND LEE,
MINISTER FOR NATIONAL DEVELOPMENT
AT THE NATIONAL YOUTH DIALOGUE ON 8 OCTOBER 2022**

Panelists, friends of the NYC both here and on Zoom,

Good morning.

1. I appreciate you all taking the time on a Saturday morning to participate in this dialogue.
 - I would also like to thank Kuan Hian and NYC for organising this, Naishad for moderating, and Gillian and Rui Ming for being on the panel to share your views.
2. A fortnight ago, we kicked off the first in a series of Our Housing Conversations, under the umbrella of Forward Singapore which DPM Lawrence Wong recently launched, to discuss how our social compact around public housing should evolve.
 - In turn, this will guide how we adapt and how we adjust our housing policies in the years ahead.
3. We need to do this because the aspirations and needs of our society are always changing. Here in a room of young people, your aspirations, your needs, your way of living your life will be different from young people, say, 10 to 20 years ago because of the nature of work, globalisation, and your own perspectives on what you want to achieve. Therefore, the social compact must evolve and public housing must evolve.
4. And while we are better-off as a nation today than when we first started our public housing journey many years ago, we still have very limited land and resources, and we need to decide how to allocate them appropriately and fairly:
 - Between different groups of Singaporeans – different age groups, demographics.
 - And also, between this generation, including this generation in this room, and the next generation. I have circulated a copy of my opening remarks for the launch of Our Housing Conversations two weeks ago, which you might have been able to scan through for context, so I won't repeat them substantially here.
5. This is our first session about our public housing social compact that focuses specifically on young Singaporeans, and I am eager to hear your concerns, ideas, aspirations and suggestions for the future.
6. So let me first try to unpack what public housing is about, to set the backdrop for our discussion later.

Singapore's Unique Public Housing Model

7. For most of us, HDB is quite ubiquitous. We take it as a norm in Singapore, as a given.
 - **More than 80% of Singaporeans live in public housing**, in around 1.1 million homes built by HDB, some built many years ago and some built recently.
 - So, we **cater to a very wide spectrum of households**, income levels and housing budgets – from lower-income families to those in the middle-income, to those who are well past middle-income.
8. But it is not quite the norm when we compare with other cities around the world.

- In most other cities, people navigate their own housing arrangements in the private market to settle their own housing. In short, a social need – housing – met by the private market and largely subject to market forces. I really simplified this idea here because different cities are different.
- Public housing in many cities is often a social safety net for the most vulnerable communities.
- In Hong Kong, most public housing is provided through subsidised rental catering to households in the bottom 40% by income-level, with some set aside for homeownership.
- In New York and London, the private sector is mandated to build what they call “social housing” within private housing developments. So, private developers will buy land, they will build properties for sale, but some of them are required to incorporate units that are called “social housing” within the private sector development so that lower income households can buy them or rent them.

9. **In Singapore, public housing is social policy.** It seeks to achieve social outcomes, even though it manifests itself most visibly in an active infrastructure building programme. People see it as being about infrastructure, building, construction, facilities management, sale and purchase, rules, ownership and so. But, it seeks to achieve some social objectives. Let me give a few examples for illustration:

- **First, public housing in our context and social cohesion.** Our public housing schemes and grants help families live together or near each other to help and enable mutual care. The Ethnic Integration Policy (EIP) keeps our neighbourhoods ethnically diverse, allowing the basic condition for people to interact at where they live. Our recent Prime Location Public Housing scheme, on the other hand, enables us to build public housing as well as rental flats in prime areas of our city that might otherwise be too costly for most ordinary people to live in.
- **Second, public housing and active ageing.** We are one of the fastest ageing societies in the world. While we have an audience of young Singaporeans, we think about our parents and grandparents, and we think about ourselves in the future. Many seniors prefer to spend their golden years in familiar surroundings. For seniors who want to continue living in their existing HDB homes, we can make them senior-friendly. We have programmes to subsidise grab bars, non-slip toilet flooring and ramps inside and outside the home. We also have some financing options to help our seniors unlock the value in their flats for retirement, whether they move from a bigger home to a smaller one or whether they live continually in their existing homes and want to unlock some value for their retirement. We have also been expanding the spectrum of housing options to meet the needs of our seniors. Our seniors are also evolving – the seniors today are different from the seniors from a few generations ago. So, we have shorter-lease 2-room flats, integrated developments like Kampong Admiralty, where we integrate vertically and incorporate services that seniors will need – we have one more coming up in Yew Tee with a different mix. And we have Community Care Apartments. We have launched one and it is under construction, and we are launching another soon. It is not just housing, it is housing with active programming as well as some care for the seniors living there.
- **Third, public housing and preventive health.** We are seeing how we can design our housing estates, not just the homes, and provide active community programmes to

achieve preventive health outcomes, in support of the newly launched HealthierSG drive. Some of this work has already begun and is being studied as part of the Health District @ Queenstown pilot. Queenstown is one of the first HDB towns, an old estate that is in the process of revitalisation and rejuvenation. So, we are taking the chance to think how new flats being built there can incorporate infrastructure design to enable people to take steps for preventive health at an even earlier age.

- **Fourth, public housing and social mobility.** For low-income households, there is highly subsidised public rental housing as a social safety net to provide stability, a roof. Through Comlink, we work across multiple Government agencies, and with community organisations, to provide families, especially with children, who are living in rental housing with more coordinated social support. So, we are not just providing housing as a social safety net, but working with these families, understanding their aspirations and fears, working with them on a roadmap, and then roping in the different organisations and agencies to make sure that we walk in step with them, as and when they are ready for each of the issues they want to tackle, with the hope that they can have stability and then achieve some self-reliance, and ultimately social mobility. Once they are ready for homeownership, if and when they are, they can tap on the support of the Home Ownership Support Team, who will work with them specifically to get them ready for what homeownership entails, and they can tap on the generous housing subsidies and grants, including the Fresh Start Housing Scheme to buy their homes. In fact, when we talk about rental housing, that is not the only social safety net. There is work before that – for those who have lost their homes, rough sleepers. We work closely with social agencies to walk the streets to identify people who are in severe distress, befriend them and move them to Safe Sound Sleeping Places (S3Ps), then to transitional shelters, and ultimately to some permanency planning around housing, whether it is rental or sold. That is housing as a social safety net, as an engine to try and help them achieve social mobility.
- **Fifth, public housing and independent living.** As part of the Enabling Masterplan 2030, we will develop new community living models to enable persons with disabilities to live independently and actively participate in community life. We hear parents who are concerned – they say, “I am fast growing old. My children are adult children in their 50s. When I am not longer around, can they continue living in my home? They are high-functioning, able to go to work, able to navigate the community, and neighbours know them and care for them. When I am not around, will they be institutionalised, or can they continue to live independently?”. We expect recommendations from the taskforce sometime next year.
- **Sixth, public housing and sustainability.** As part of our aspirations to achieve net-zero by the middle of the century, everyone must play their part, including buildings, which account for 20 per cent of our carbon emissions. Through our Green Towns Programme we want to make our HDB estates more sustainable by reducing energy consumption and recycling rainwater. Smart-enabled homes, which we are piloting in Punggol, enable residents to save energy and water by allowing them to monitor their energy and their water consumption.

10. These are the social dimensions of public housing in Singapore, over and beyond, what we see as an infrastructure programme.

Keeping housing accessible and affordable

11. At the heart of all of this, though, is the need to **keep housing accessible and affordable through the generations.**

- Accessibility is value-laden because it talks about accessible to different and evolving aspirations.
- As our economy evolves, jobs change, and the nature of work changes, affordability means different things to different generations.

12. As young Singaporeans, this is probably top-of-mind for you now. Three questions that often come up: Can I afford to buy an HDB flat? Will I be able to successfully ballot and select my home? How long will I need to wait?

- Let me first share how we price our BTO flats. These are technical details, but I will try to keep it as simple as possible.
- First, HDB establishes the market value of new flats by looking at the prices of comparable resale flats nearby, adopting valuation principles.
- After doing so, HDB makes adjustments for individual flat attributes and prevailing market conditions, and then applies a significant subsidy to derive the selling prices, which are below market value. This, together with specific housing grants added on, helps to ensure that new flats are affordable to those buying their first home.
- Although BTO flats are highly subsidised, some BTO flats with attractive locational attributes have a higher price point. So, they are all subsidised and below market, compared to a comparable flat in the resale market or private sector, but flats in different location will have different price points. For instance, new flats being sold in the latest project in Ang Mo Kio are priced higher than the flats of similar size in the Choa Chu Kang project launched in August. This is because the AMK project is in the Town Centre, nearer to the city, and is close to MRT, bus interchange, market, hawker centre, polyclinic, library and shopping malls.
- Our offering of BTO flats with different attributes, price points, locations and different levels of housing grants allow us to serve the needs and budgets of a diverse group of flat buyers.
 - For instance, a first-timer couple with a household monthly income of \$3,000, which is between the 10th and 20th percentile of resident household income should be able to pay the monthly instalments of a 3-room BTO flat in a non-mature estate such as in Jurong East without cash outlay, and using CPF.
 - A first-timer couple with a household monthly income of \$5,000, which is nearly at the 30th percentile of resident household income, will be able to pay the monthly instalments of a 4-room BTO flat in a non-mature estate such as Woodlands using CPF, without cash outlay.
 - So different locations, different sizes, and everyone's needs and budget will be different
- On the HDB resale market, there are grants of up to \$160,000 to help families buying their homes. But while the resale market had been soft for 6 years prior to the pandemic, rising resale prices and eye-catching headlines over the last 2 years have caused anxiety about housing affordability, not just among young Singaporeans, but all Singaporeans.
- We have therefore moved very recently to moderate demand in the HDB resale market, and to ensure that home buyers borrow prudently for their home purchases.
- We are committed to intervene and do what is necessary to ensure a stable property market, and affordable public housing for Singaporeans. We will do so decisively but

we will have to do so carefully, because of the uncertain global economic outlook with a lot of twists and turns in the road ahead, as well as a significantly higher interest rate environment, which will impact people.

13. Second question that is often asked: Can I ballot for and secure a BTO flat?

- We understand it can be stressful for young families who are trying to buy their home and settle down.
- Yet, even with the current high BTO application rates, HDB sees a 40% rejection rate for their BTO flat selection exercises. So, when people are told to come down to choose their flat, 40% will decline. This proportion of flat applicants who are invited to select their flats either did not turn up, or they turned up but decline to select any of the flats on offer. Some may want a flat on a higher floor, or nearer to a particular facility, these are individual needs.
- This is why those who apply for BTO projects where there are less than 1.7 applicants for every available HDB flat, they actually stand a very good chance to select their BTO flats because of the rejection rate.
- And in the past two years – 2020 and 2021 – four in ten BTO projects had first-timer application rates of that level - 1.7 or lower for 3-room or larger flats.
- So overall, while BTO application rates have gone up in recent years, and for more attractive areas, you do see a higher application rate even within the same exercise, virtually all FT households have still managed to secure a chance to select and book a BTO flat in the NMEs within three tries. Within two tries, 90 per cent are invited, and within three tries, virtually all. Whether they select is ultimately a matter of choice.
- Nevertheless, to meet the strong, broad-based demand for housing, we are ramping up the supply of BTO flats, and are on track to launch up to 100,000 new flats from 2021-2025, if needed.
- In fact, in November, we will offer more than 9,500 new homes, which is a much larger launch than our usual BTO exercises.

14. Third question often asked: how long do I have to wait for my flat?

- HDB is first and foremost working hard to tackle projects that been delayed by the pandemic. During Circuit Breaker, work completely ground to a halt. After that, it took a while as work restarted. There were worker shortages due to closure of borders and workers could not come back. There were also material shortages and supply chain disruptions – everything that the construction sector could face as a challenge, it did face them.
- While we often hear of construction projects across the board that were delayed by 1 or even 2 years due to COVID, HDB has been able to keep delays to less than a year, with the exception of 2 BTO projects (out of about 100 BTO projects which are currently under construction).
- With the recovery of the construction industry since early this year, and the sector still faces headwinds, if you speak to contractors and consultants, HDB has made steady progress in trying to minimise delays and delivering projects which have been delayed; as a result, with the proportion of projects which are delayed have come down from about 80% a year ago to now close to 50%.
- The median waiting of new flat launches has also come down from a range of 4 to 5 years last year to a narrower band of 4 to 4.5 years. We are working hard, making sure we do not compromise on quality and safety, to try to deliver homes faster in the post-pandemic situation.

- HDB is working on bringing this waiting time down further by working ahead to get potential BTO sites ready so that we can launch more shorter waiting time flats of less than 3 years.
15. Looking forward, how can we improve our public housing policies so that we can continue to keep HDB homes accessible and affordable in the sense that is relevant to you, your generation, the seniors of this generation, and so on.
16. On the topic like housing, we received many ideas and suggestions from Singaporeans during Our Housing Conversations, and through many other channels.
- For example, following the recent round of property market cooling measures, some people **asked us to restrict HDB flats for owner-occupation only, and not be used for investment** or rented out. This was in a Straits Times forum letter a couple of days ago.
 - Today, there is another forum letter rebutting that saying that this is one way where people can support their own financial needs – so don't treat all of us with a broad brush.
 - Some said that people who have cashed out from the private property market should not need to re-enter the HDB market. That in turns elicits strong reactions from other groups, especially private property owners seeking to downgrade.
 - While others suggested disallowing HDB flat owners from purchasing private property, while renting out their HDB flat.
 - Some proposed implementing a capital gains tax on property gains other than owner-occupied properties, and increasing property tax rates for non-owner-occupied properties.
 - While others called for decoupling to be disallowed, to make it harder to avoid paying ABSD.
 - Some asked us to tighten up on cash-over-valuation.
 - While others said that we shouldn't interfere in private decisions between buyers and sellers.
17. We also received suggestions on how to better prioritise and allocate flats to Singaporeans, to update it and keep it relevant.
- On the one hand, some have suggested – both parents and young families alike – giving even greater priority to people buying their first home, especially when they are settle down.
 - On the other, some have asked if we could relax the eligibility criteria to buy HDB BTO flats even further, such as by raising income ceilings or lowering age limits, so that more people can buy new flats.
 - Some have asked HDB to build a lot more flats, way in advance of demand, so people don't have to ballot and wait for their flats.
 - On the other hand, others questioned if we really needed to continue clearing land to build housing. For example, we received calls to leave places like Orto Leisure Park and other open spaces alone.
18. The tensions inherent in some of these recommendations underscore the underlying questions about how we should best allocate and use our limited land and resources, not just our generation, but for the next as well.

- We want to allocate our **limited flat supply and housing subsidies** to first-timer families who are just starting out in life.
- But we are also mindful that there are other groups of Singaporeans that need housing, such as our seniors, families that got off on a bad start and want to move from rental housing to homeownership again, multi-gen families who want to live together with their parents or grandparents, lower-income households, single unmarried parents, or singles.
- HDB's Homeownership Programme is ultimately funded by all of us. In FY2020/2021, HDB incurred a deficit of \$1.95 billion on the Homeownership Programme. Last year, that grew to \$3.85B, partly because of COVID and higher costs, high material costs, ramp-up of supply and locations, including prime locations.
- We are also ramping up our flat supply, but we are only 720 Sq Km in size, and there are many important competing needs, such as jobs, healthcare, greenery, power generation, schools, recreation and transport, just to name a few.
- We want to steward our land carefully, to preserve green and blue spaces for future generations, and also leave them with open spaces and land banks that they can use as blank canvasses to meet their future aspirations and needs, and for them to decide whether to use those land banks or to leave it for the generation after them.
- We also have to think long term, about how the **current generation can make way and create space for future generations**. How can we rejuvenate this city and recycle this land so they have the best chance in life in a more complex future?

Conclusion

19. I hope I've managed to give you a broad sense of our public housing landscape, the constraints we face, as well as the opportunities that lie ahead of us.

20. Today's session is specifically about you, and future generations of young people that come after you.

- We want to hear about your aspirations, your concerns, and your ideas for Singapore's public housing.
- In our previous Our Housing Conversations, not just young people, but all who attended did not just speak out about their own selves or their own demographic groups. It was encouraging to hear them talk about the needs of other groups as well. How can we work together to achieve this outcome?
- We want to take stock of where we are as a society, how our social compact on housing should evolve, and how our public housing policies and programmes can keep pace.

21. Thank you, and I look forward to hearing from you.