

OPENING REMARKS BY MR DESMOND LEE, MINISTER FOR NATIONAL DEVELOPMENT, AT MND-NYC FORWARD SINGAPORE ENGAGEMENT SESSION ON 20 NOVEMBER 2022, 9:30AM, AT LIFELONG LEARNING INSTITUTE

Introduction

1. Good morning everyone. I appreciate all of you taking time on a Sunday morning to participate in Our Housing Conversation.
2. This is part of our outreach effort under the BUILD pillar of the Forward Singapore exercise, which was launched earlier this year by DPM Lawrence Wong. We have heard so far from more than 9,000 Singaporeans through surveys, roadshows as well as conversations, just like the one we are having today.
3. Many people have shared their aspirations, but also their concerns in relation to public housing. Young couples want to get married, want to have their own flat, at affordable prices. They worry that they cannot successfully ballot for a BTO flat. At the same time, the current rising resale flat prices is causing them anxiety, and understandably so. We are all working very hard to address them, and I will share more later.
4. Apart from young couples, young people, there are also other groups, with housing aspirations of their own. Some couples with children want to move to bigger homes, bigger flats to accommodate their families' growing needs. Now all their children are growing up and they want their own space.
5. Older couples whose children have grown up, moved out and they become empty nesters - they may wish to right-size to a smaller home for the next season of their life. Some seniors also tell us they want to age-in-place, they want to grow old in the place that they grew up in. And they would like to have their flats equipped with more elderly-friendly features that can better support them, not just within the home. They say, well, as I go around, navigate the neighbourhood, is it possible to make it even more elderly-friendly? Many also value their independence and they prefer to live near their children, but not necessarily with their children.
6. Singles hope to live on their own, apart from their parents, as they value privacy, they want to have their own space, and they are looking for a home of their own.

Significance of Forward Singapore

7. Now, I have just given you a snapshot of the aspirations of different groups of Singaporeans in these different seasons of their lives. But actually, if you take it all together, these aspirations point towards greater demand for housing – not just greater demand in terms of number of homes needed – but also greater diversity of housing options to support Singaporeans with different needs and also at different stages of life.
8. This broad-based demand, coupled with COVID disruptions that we had to deal with over the last few years, has led to tightness in the public housing market. As a result, we see very high application rates for our BTO flats, and we also see rising HDB resale prices. We recognise these aspirations and would like to be able to meet all of them, if we can. But, as we all know, there is no easy way to fulfil every aspiration, given the fact that we have tight land constraints and ultimately finite resources.
9. That is precisely why we are having many conversations, just like this, under Forward Singapore, across different domains – not just housing, but also jobs, education, technology, the Singapore identity, and many other aspects of Singapore life. In fact, when we grow and evolve our new social compact, we must collectively decide how to prioritise limited resources among different groups, but also across different generations of Singaporeans.
10. On the public housing front, two main concerns remain at the top of everyone’s minds: accessibility of public housing and affordability of public housing. I will address them in turn, and at the same time tease out some of the discussion points that have arisen in the different conversations.

Accessibility

11. First, let me talk about accessibility. Young adults, like many of you here today, have told us that you feel anxious about the availability of affordable public housing, amidst strong competition and high application rates. We understand these concerns.
12. My colleagues at HDB are working hard to manage construction delays brought about over the last two years by the pandemic. The number of BTO projects delayed by six months or more continues to fall, from more than 80% of all projects in 2021, to less than 50% currently. That is the result of HDB working with architects, our engineers, our consultants, our builders, to try to get the projects on track in a way that is safe and doesn’t compromise quality.

13. We have also ramped up the supply of BTO flats to 23,000 flats this year to meet the increased demand and we also plan to launch up to 23,000 flats next year. We are prepared to launch up to 100,000 BTO flats between 2021 to 2025, if such high demand persists.
14. In fact, we will be launching a bumper crop of almost 10,000 HDB flats in 10 different projects in this month, this November BTO sales launch. There will be different housing types for people with different budgets and different needs. This includes more than 2,000 flats at Garden Waterfront I & II at Tengah, with waiting times of about 3 years 4 months. We will share more details of the launch soon.
15. We have also set aside the bulk of our BTO flats for first-timer families – that means those buying their very first HDB flat from us. In August this year, we further increased the allocation quota for first-timer families, with at least 85% of 3-room flats and at least 95% of 4-room and bigger flats in the non-mature estates now set aside for these first-timer applicants.
16. So why do some first-timers still meet with unsuccessful ballots? You may hear this from friends, from family, from children. You may have read some such reports online or in the papers. There are many reasons for these. But, largely, it is because couples may be applying to mature estates or to Sale of Balance Flats (SBF) exercises, where the application rates are very high – more popular locations, more central locations, better locations. Sale of Balance exercises have fewer flats, with many people going after them.
17. I understand that young couples may have locational preferences. They want to stay near their parents for mutual care and support. I have also met some parents, who come to my Meet-the-People-Session, and say, “Hey, I would like to know how my children can ballot for a flat near to them, near to their parents”.
18. While we have been launching more projects in mature estates, these still remain very popular. We also have various priority schemes to enable mutual care and support. For example, we have the Married Child Priority Scheme and Multi-Generation Priority Scheme. But as you would understand, for these very popular projects, especially if you can build that many flats in an infill site, many people may also qualify for one or the other of these schemes. At the end of the day, demand may outstrip supply in these very popular areas.

19. The preference for flats in the mature estates could have stemmed from past belief of better amenities and transportation networks in these mature estates. However, as the “non-mature estates” come of age and the lines between them and the “mature” estates blur, such distinctions may become less relevant.
20. For example, those staying in Sengkang and Jurong East, currently classified as non-mature estates, may share with you the wide array of amenities in their towns, which are comparable to those in some mature estates. And we continue to develop our towns. Indeed, we are currently reviewing whether our estate classification should be adjusted to keep pace with the times, and if so, how to do.
21. For now, if you know of couples who are looking for flats and they want to boost their chances of success, I hope that couples can be open to consider a BTO flat in a non-mature estate or projects with lower application rates. When we do the BTO launches, it is not on a first-come-first-serve basis. Every few days, we put up the number of applications and the rates, and you can then decide which one to go for.
22. Our records show that 9 out of 10 first-time applicants have been invited to book a flat within 2 tries, and virtually all succeed within 3 tries, if they apply for a BTO flat in the non-mature estates. And if we really need a flat urgently and there are specific requirements, we can consider the resale market where units are readily available, and there are grants that accompany them.
23. Notwithstanding these measures, we continue to see strong demand in our public sales exercises, and application rates remain high. During our housing conversations, we have received many suggestions on how to improve access to flats, and better prioritise and allocate flats to Singaporeans. I am going to share with you some of the suggestions that have been raised and you will see that they kind of engage with each other.
24. To deal with the current high demand, **some have asked for the Government to adopt a build-ahead-of-demand model**, instead of Build-To-Order one we have today. We hear that from our housing conversations, we hear that from some of the MPs like Ms Denise Phua and many others who raise this. They say build-ahead-of-demand, instead of Build-To-Order, which is the one that we have today.
25. Interestingly, when this was raised, we also received feedback for the Government to take a cautionary approach in the face of demand pressure, and to avoid a knee-jerk reaction

to the current high demand because those people were concerned that this could risk creating an oversupply of flats and price depreciation in the future.

26. Today, we already build ahead of demand where feasible, where we call for construction tenders before the project is launched for public application. In fact, we even bring forward construction work for specific sites that are ready for development ahead of demand – this is how HDB can offer flats with shorter waiting times – some with waiting times of below three years - that are even shorter than the actual construction time needed.
27. But, you know the last two years have been really difficult on everyone, particularly very tough on the construction sector. We aim to build more of these flats as a proportion of overall flat supply in the future, when the housing situation stabilises. So, you emerge from COVID, and let's get over this difficult period, and we aim to get back on track. But we do need to be measured, as ramping up the supply of flats significantly would also mean fewer land plots left to meet the needs of future generations of Singaporeans.
28. Most agreed that we should **prioritise first-timers who are looking to purchase their first home**. However, even within the first-timer applicants, Singaporeans acknowledged that there are varying degrees of urgency in their housing needs.
29. For instance, most agreed **that first-timer couples who already have children but are without their own home** should be prioritised ahead of those who are existing homeowners. So, this was one viewpoint that was raised. Most also agreed that **lower-income families**, who have fewer options in the open market, should be given more support and priority. At the same time, others reminded us that **seniors and singles also have genuine needs**, and these should be considered.
30. We are studying all these ideas and how we can further prioritise access to public housing for those with more pressing housing needs, even within the first-timer group. But, as you can tell, it is not easy to reach a consensus on how we define whose needs are more urgent, as evident from the direct tensions observed from the suggestions we have received.
31. I just gave you a taste of the very engaging dialogue and ideas that surfaced about prioritisation. And that is why we are here today, to try to redefine what we deem to be important, and to try to reach common ground for the betterment of society as a whole.

Affordability

32. The other concern that many Singaporeans have, is rising HDB resale flat prices.
33. We have introduced market measures, most recently in September this year, to promote a sustainable property market and we will not hesitate to act decisively but carefully to ensure affordability in the resale market. Decisively because we want to make sure that the property market does not run ahead of economic fundamentals and important not to allow bubbles to form, but also carefully because the road ahead is not clear – geopolitical challenges, economic challenges in almost all the major markets and also rising interest rates and borrowing costs, including for existing homeowners and homebuyers.
34. We have kept BTO prices relatively stable through our significant subsidies – the average price for a new 4-room flat in a non-mature estate was \$341,000 before grant in 2019, and in the first three quarters of 2022, it was \$348,000. So, it has been relatively stable.
35. We also provide generous grants – first-time homebuyers can receive housing grants of up to \$160,000 for resale flats. For BTO flats, first-timer homebuyers can receive housing grants of up to \$80,000, on top of the subsidies in new flat prices.
36. Most first-timers buying BTO or resale HDB flats have Mortgage Servicing Ratio of less than 25%. Any of you ask what does Mortgage Servicing Ratio mean and what does this 25% figure mean? This means that most of these buyers can service their housing loans using their monthly CPF contributions, with little or no cash outlay.
37. In the course of our conversations, Singaporeans broadly understood the causes of rising resale flat prices these past 2 years. They also acknowledged existing support for the broad majority of Singaporeans. We have received many thoughtful suggestions on what more we can do to further stabilise the market and enhance the affordability of public housing. But for each suggestion that is given to us, there are pluses and minuses, and for every suggestion made to us, we also received contrary viewpoints.
38. For instance, to curb high resale prices, some have called for HDB to **disallow transactions on the resale market with cash-over-valuation (COV)**, or for the Government to implement a capital gains tax on property gains.
39. But others argue against that. They say that COV is based on a willing-buyer-willing-seller agreement and should be allowed; they added that if COV is disallowed, there could be under-the-table transactions, making it hard to enforce. Imposing a capital gains tax could

also lead to sellers passing the additional tax burden onto buyers, which could in turn adversely impact overall buyer affordability.

40. Some people attending these conversations or sending in feedback to us have suggested **restricting HDB flats for owner-occupation only**, and disallow flats to be used for investment or income generation. For instance, they say don't allow people to rent out their whole flat or rent out any rooms. These are, after all, public housing flats, developed and subsidised with taxpayers' monies. Some also suggested that we **disallow HDB flat owners from concurrently owning private property** – if such owners have built up enough means to purchase a private property, they should relinquish their HDB flat for other Singaporeans to live in, thereby easing the supply tightness. So that is one viewpoint raised to us.
41. On the other hand, there are others who say that monetising one's home via rental is a legitimate way to supplement one's income. This is especially for seniors, who may rely on rental income in their retirement years. So, some may stay with their children and rent out their homes.
42. We also received comments that allowing HDB flat owners whose life circumstances have improved to invest in private property is fair, considering that private property owners can purchase more than one private property without relinquishing their original one. So, a different viewpoint. You may agree or disagree, but you can see that different groups of Singaporeans engaging around the table can have valid views that are quite contrary to each other.
43. Some have suggested **carving out popular and more expensive BTO projects and imposing tighter lease conditions** – such as a longer minimum occupation period – on such projects to dampen demand, while providing more subsidies, with a clawback for fairness to other buyers. They say this could be an expansion or variant of the Prime Location Public Housing (PLH) Model which we launched last year. So, they say, why just constrain that to the city center? Why not expand that to other locations with such attributes?
44. But we have also heard feedback that PLH projects should not be the majority of housing supply, so as to provide more choice and options for buyers.
45. We are studying all these views and more, and welcome suggestions on how we can ensure public housing remains inclusive.

46. Some have asked us if we can **do away with the resale market**. They say flat owners should return their flat to HDB, and if they want to move home, they should ballot again for their next home.
47. But others worry that this will result in unnecessary bureaucracy and administration, and impede mobility – families will have to ballot for a flat every time they wish to move, and lose their autonomy to decide how much they want to sell their flats for. Because, you know, currently you buy a BTO flat, you have to go through balloting and then get a chance to book. And after that, if you want to have your next home and you choose to go to the resale market, we take the grant and subject to availability, you can choose where you want to move to subject to some constraints of course. But greater decision-making, greater autonomy, greater choice. And whether with or without the help of an agent to identify a flat, you negotiate and proceed with the transaction and move in. But the idea of everything going back to HDB, to some people, means replicating the BTO application process for every single move that you make.
48. There was also no consensus on the price that HDB should buy the flats back for, even amongst those who suggested this. Some preferred for the buyback price to include a growth rate pegged to inflation, or to GDP growth. Yet others felt that it would not be fair to peg the price to market movements as Government would, in effect, be providing a risk-free asset. Instead, they suggested for the buyback price to be pegged to the subsequent subsidised prices that HDB will re-sell the flat for. But this would then be below market value, as per any other flats bought directly from HDB because we subsidise for affordability. Others say don't peg to these formulae, just have a straight line down and then, effectively like rental, get back what is left.
49. Some have also suggested **providing more grants to resale buyers, especially lower income groups, to improve affordability, but with tighter conditions** (e.g., longer MOP and clawback upon resale or other restrictions). They also suggest to structure the grant in some way to prevent the sellers from creaming off the enhanced grant quantum. Some people told us, well, when the market is going up, you will give us more grant, but the seller will just raise the price. In the end, we don't benefit as much as you intended for us to benefit.
50. These are all useful proposals and ideas which have been given to us because people have experienced buying and selling homes, moving homes. We are studying all of them carefully. There are no easy answers, no straightforward answers. Every idea comes with pluses and minuses, but we will certainly benefit from having more minds, including your

minds, put to these issues. So, we also look forward to hearing your views and ideas on how we can continue to ensure public housing remains affordable, and to provide targeted assistance to those who most urgently need it.

Dynamic Social Compact

51. We have come a long way in our journey to house a nation. Over 50 years ago, our pioneer generation had a clear vision of their plan, which reflected core values that we hold dear. These values – such as being a home-owning society, multi-cultural society, and for every Singaporean to have a stake in Singapore’s success – continue to remain at the core of our housing philosophy.
52. While we remain steadfast in our mission, there is a different set of challenges that we in Singapore face today. I have spoken about possible measures we are studying to help those in need – be it in the form of providing more grants for lower income in today’s buoyant resale market, or further prioritisation for those who may need a new flat more urgently.
53. But underlying all these is the land constraint and resource constraint in Singapore – something that won’t change and something we all understand.
54. As we develop over the years, we have less open land readily available for us to build new towns and HDB flats. Many have also expressed that they wish to retain more of our greenery and more of our heritage, instead of using them all for new homes and other developments. So they want to strike a balance – people want bigger homes, better amenities, but they also tell us that they want to keep the greenery, they value biodiversity. They want to keep heritage places alive so that Singapore’s identity is protected.
55. So, we will need to think of ways to provide new homes by redeveloping our current HDB towns and estates. As our design and technology progress over the years, it is timely to relook at our older estates, optimise the land they are on, and bring them up to date.
56. This will not be easy, as we will be going into existing estates to redevelop. Those living nearby will of course have to put up with the construction and some loss of amenities. Residents ultimately will need to make a choice at some point – do they wish to move to a new estate, a better flat, with new facilities or modern fixtures? Or stay in their current neighbourhoods which they are familiar with, older neighbourhoods which they have lived

in for many years or decades, while accepting increased maintenance costs and wear-and-tear from the natural ageing of flats?

57. We have already spoken about Voluntary Early Redevelopment Scheme (VERS), and we understand the public's interest in this programme.

58. We want to take in the discussions from the Forward Singapore conversations as well, so that in future, over the many decades ahead, as we rejuvenate public housing all over again and plan it in an orderly manner to rejuvenate our older estates to provide land for new housing for the current and next generation of Singaporeans. We want to discuss how to keep the precious communities and social capital built up over the years, even as the physical infrastructure of a town changes and rejuvenates. So, it is not just about relocating people to accommodate building of new estates. Because you know that there is disruption to social ties, neighbourly ties, family ties. Whenever you do that, it is not just an infrastructure exercise, there are also social capital issues that you have to consider.

59. This is a good time for us to take stock and to discuss important questions like these that underpin our approach to public housing going forward.

Conclusion

60. We certainly have an exciting morning ahead. Those of you who were at the youth dialogue last month will remember, I said that that session was about you and the next generation – that is because the main objective was to know what your aspirations, concerns, and ideas for Singapore's public housing are. But today, this session is about us, both you and me, as one Singapore society.

61. In fact, yesterday, we had another dialogue session and there were young people, seniors, there were persons with disability, there were families, there were singles – very, very diverse group of people and you could also see that very healthy, respectful, competitive dialogue and discussion. At the same table in the same group, all of them had different points of view, at different stages, different needs, all raising legitimate points of view, but some going beyond their own point of view, beyond their own circumstances, to show empathy and support for other communities and groups. I thought that was really, really encouraging.

62. I saw that in the youth discussions too previously, and I certainly look forward to seeing the energy, drive, empathy, imagination and the forward-looking hopeful stance amongst

young Singaporeans for what is actually quite a unique feature in Singapore, when compared to other cities and other countries. Public housing caters to 80% of our households in Singapore, going well beyond the low and middle-income to upper middle-income households, being a common lived experience that unites us, rather than divides us.

63. We have heard and continue to receive useful suggestions and feedback from Singaporeans like yourself. How can we now piece these different needs and aspirations into one coherent chapter of the public housing story that is uniquely ours? And how can we, together as a society, refresh our social compact to ensure our public housing policies and programmes can keep pace as our society evolves and changes.

64. Let us look forward to making new friends and also exchanging new ideas.

65. Thank you.