

Our Ref: PC 04-14

Date: 12 March 2014

**Key Executive Officers**

Dear Sir/Madam

Effective Date: 5pm, 10 March 2014

**PRACTICE CIRCULAR ON CHANGES TO HDB RESALE PROCESSES**

To further improve the HDB resale market, HDB has made changes to some processes on the purchase and sale of HDB resale flats (please refer to para 3 and Annex A of MND and HDB's Joint Press Release for the details):

- (a) HDB will publish daily prices of resale transactions as soon as they are registered (instead of fortnightly after the resale transactions are approved). This will allow flat buyers and sellers to negotiate based on recent transaction prices and reduce the focus on Cash-Over-Valuation (COV) in negotiation. This will improve the long-term stability of the resale market.
- (b) To encourage buyers and sellers to focus on the sum total of flat price, HDB will only accept valuation requests from resale flat buyers (or their appointed salesperson), after the buyers have been granted an Option to Purchase (OTP) by flat sellers. This change will take effect from 5pm, 10 March 2014.
- (c) The revised resale procedure is detailed in Annex A of MND & HDB's Joint Press Release. To help buyers and sellers in this transition, HDB will continue to honour OTPs and valuation reports which were granted before the implementation date and have not expired. Under the new rules, buyers who are granted OTP will also have 21 calendar days, instead of 14 calendar days to exercise the OTP, to adjust to the new procedure.

2. Please disseminate the information to your salespersons. The details of the changes are available in the HDB InfoWeb. Estate Agents and salespersons shall act in accordance with these changes when advising consumers and/or performing estate agency work related to purchase and sale of HDB resale flats transacted after 5pm, 10 March 2014.

3. Thank you.

Yours sincerely,

Chan Kwok Cheong  
Deputy Director (Policy and Planning)  
Council for Estate Agencies



## **MND-HDB JOINT MEDIA RELEASE**

### **A Stable Housing Market, Better Homes for All**

Minister for National Development Khaw Boon Wan said in Parliament today that efforts to cool the housing market are showing results. He took stock of the progress of housing policies; much has been achieved to stabilise the market and meet various housing needs. As the housing market turns the corner, Minister Khaw said that negotiating the turn will require care. Moving ahead, the Ministry of National Development (MND) will put in place various initiatives to improve longer-term market stability, provide stronger housing support, and make every town a better one.

#### **I. Improving Market Stability**

2. The Government has introduced a series of cooling measures to ensure that housing price moves in line with our economic fundamentals. Data in recent months suggests that the housing market is turning the corner, but is not yet at the optimal state. MND will continue to monitor the housing market closely. Meanwhile, MND will keep the current cooling measures in place.

3. To further improve the HDB resale market, HDB will change some processes in the way Singaporeans buy and sell resale flats:

- a) HDB will publish daily prices of resale transactions as soon as they are registered (instead of fortnightly after the resale transactions are approved). This will allow flat buyers and sellers to negotiate based on recent transaction prices and reduce the focus on Cash-Over-Valuation (COV) in negotiation. This will improve the long-term stability of the resale market.
- b) To encourage buyers and sellers to focus on the sum total of flat price, HDB will only accept valuation requests from resale flat buyers (or their appointed salesperson), after the buyers have been granted an Option to Purchase (OTP) by flat sellers. This change will take effect from 5pm, 10 March 2014.
- c) The revised resale procedure is detailed in Annex A. To help buyers and sellers in this transition, HDB will continue to honour OTPs and valuation reports which were granted before the implementation date and have not expired. Under the new rules, buyers who are granted OTP will also have

21 calendar days, instead of 14 calendar days to exercise the OTP, to adjust to the new procedure.

4. In his speech, Minister Khaw also spoke on Singaporeans investing in overseas properties. He cautioned that there are added risks and complexities due to the differences in legal and regulatory frameworks. To help Singaporeans interested in buying foreign properties make more informed decisions, the Council for Estate Agencies (CEA) will be launching an online guide to provide some general tips on buying foreign properties. In addition, CEA will step up efforts to regulate estate agents marketing foreign properties in Singapore. Members of the public are encouraged to report to CEA any marketing activities by unlicensed foreign estate agents. More details can be found in [Annex B](#).

## **II. Providing Stronger Support to All**

5. MND will look into ways to provide stronger support for three groups: the elderly, the low-income and vulnerable, and extended families.

### **a) Enhancing Monetisation Options for the Elderly**

Retirement adequacy, and how equity release can help enhance it, is an important issue for an ageing population. MND is reviewing enhancements to existing options, including whether to extend the Enhanced Lease Buyback Scheme (LBS) to larger flat types. Beyond existing monetisation options, MND is also studying reverse mortgage, with a view to formulate a practical scheme. More details on existing monetisation options can be found in [Annex C](#).

### **b) Supporting the Low-Income and Vulnerable**

MND is studying ways to better support public rental tenants in progressing to homeownership, and to better provide for the housing needs of the vulnerable groups, including divorcees with children. More details on existing schemes to meet the housing needs of the low-income and vulnerable groups are at [Annex D](#).

Beyond housing, MND will revise the EPS (Electronic Parking System) parking rates for motorcycles and introduce an Enhanced Season Parking Ticket which will allow motorcyclists to park at all HDB and URA car parks at a flat monthly fee. This will defray the cost for motorcyclists, especially for those who use multiple car parks in a day such as despatch or delivery riders. More details can be found in [Annex E](#).

### **c) Helping Extended Families Live Closer**

MND is studying ways to provide more help to extended families to live together or near one another. This includes building on existing schemes and exploring the need for new schemes. More details on existing schemes and initiatives can be found in [Annex F](#).

6. Last year, the Ministry engaged Singaporeans through Our Singapore Conversation to discuss pertinent housing issues. MND will be organising another series of Housing Conversations to engage Singaporeans on its various housing policy reviews to ensure that they support the relationships and values that matter to Singaporeans.

### **III. Making Every Town a Better Town**

7. MND and HDB will develop new housing areas and upgrade existing estates to make every HDB town a better town. HDB will launch the first BTO project in Tampines North later this year, delivering 1,500 homes, including 50 3Gen flats. HDB also intends to launch the first BTO project in Bidadari sometime next year.

8. MND and HDB will continue to raise the quality of existing towns to keep up with changing needs, through the following ways:

a) MND is in the process of selecting three towns under Remaking Our Heartland (ROH) Batch 3, and will announce them in a few months' time.

b) MND will roll out more projects under the Home Improvement Programme (HIP) and the Neighbourhood Renewal Programme (NRP). MND will also complete the Lift Upgrading Programme (LUP) for HDB blocks, and ramp up lift installation in Multi-Storey Car Parks (MSCPs).

c) To make HDB flats more elderly-friendly, MND is reviewing the Enhancements for Active Seniors, or EASE, scheme, to lower the age criterion for direct application and expand the coverage of the items.

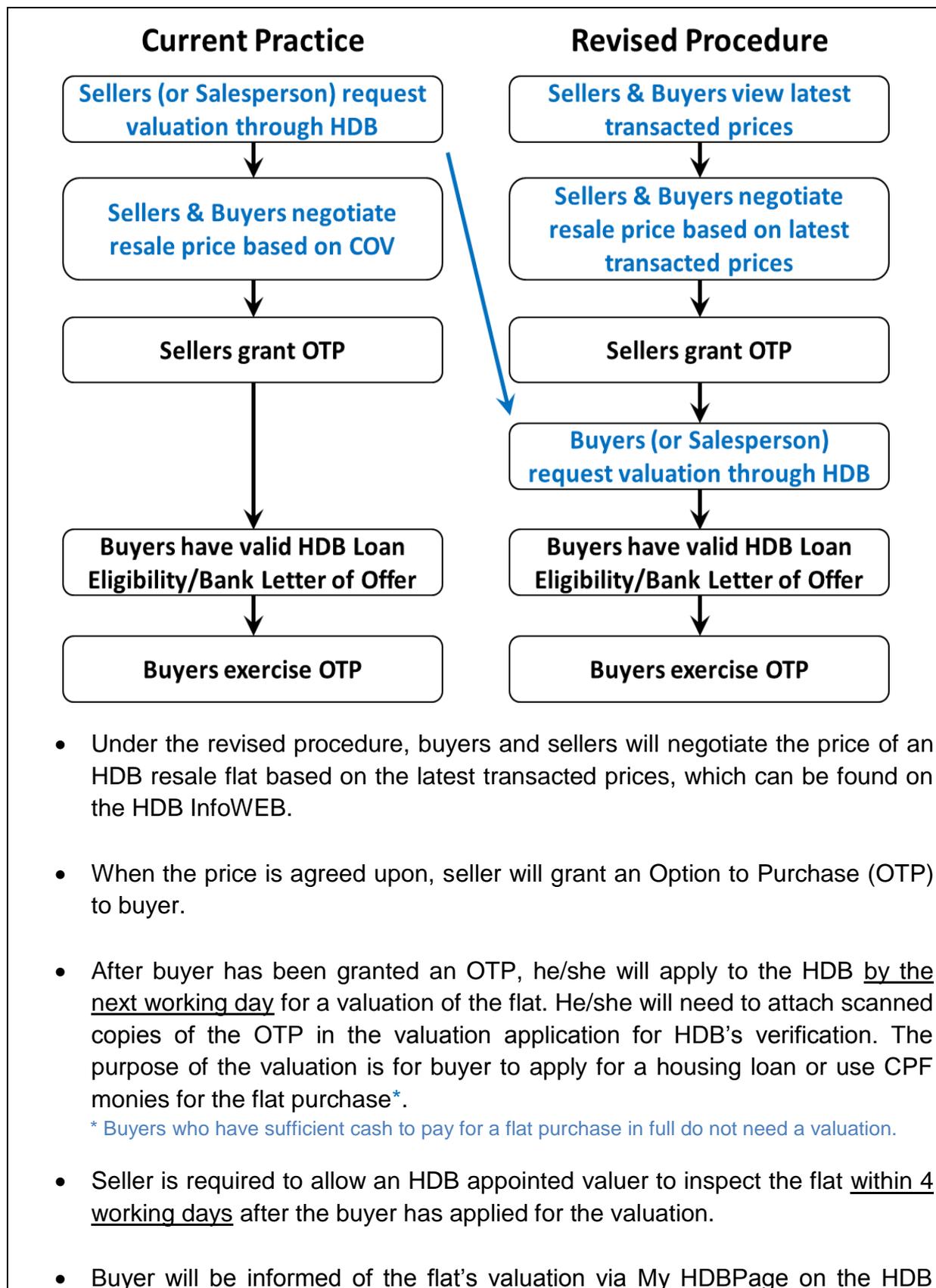
d) MND will also promote greater resident participation in shaping their living environments through initiatives like the "Cool Ideas for Better HDB Living".

More details can be found in [Annex G](#).

*Issued on 10 March 2014 by the Ministry of National Development and Housing & Development Board*

- Annex A – Revised HDB Resale Procedure
- Annex B – Online Consumer Guide for Buying Foreign Properties
- Annex C – Enhancing Monetisation Options for Elderly
- Annex D – Supporting Housing Needs of Low-Income and Vulnerable
- Annex E – Revision to Motorcycle Parking Charges
- Annex F – Existing Schemes Helping Extended Families Live Closer Together
- Annex G – Efforts to Make HDB Towns Better

## Revised HDB Resale Procedure



InfoWEB, typically within 7 to 10 days from the date of the valuer's visit. Buyer will then decide whether to exercise the OTP.

- Buyer who is granted OTP after 5.00 pm, 10 March 2014 will have 21 calendar days, instead of 14 calendar days to exercise the OTP.

Note:

- Before exercising the OTP, buyer (or his/her salesperson) is required to submit a completed Resale Checklist to the HDB online. Buyer is also required to secure financing by obtaining a bank's Letter of Offer (for bank loans) or a Housing Loan Eligibility (HLE) letter from HDB (for HDB loans).
- Prospective flat buyers are encouraged to obtain in-principle loan approvals from banks (for bank loans) or HLE letters (for HDB loans) before they start looking for a flat. This will help them understand their budget and look for a flat that is within their budget.
- For further enquiries, the public can contact HDB at 1800-866-3066.

**Online Consumer Guide for Buying Foreign Properties**

1. The Council for Estate Agencies (CEA) will launch an online consumer guide comprising tips and information on what to look out for when buying foreign properties. This includes key considerations for consumers, such as finding out the rules and laws governing the sale and purchase of foreign properties, taxes payable, after sales support, and financing issues, among others. CEA will launch the online guide, which can be downloaded from CEA's website, in the later part of March 2014.

2. CEA will also step up its effort to regulate estate agents marketing foreign property developments here. Members of the public should report to CEA any marketing activities by unlicensed foreign estate agents, so that CEA can investigate and take appropriate actions. The public can lodge a report with CEA at 1800-643 2555 or [feedback@cea.gov.sg](mailto:feedback@cea.gov.sg).

## Enhancing Monetisation Options for the Elderly

1. Currently, 220,000 HDB flats are owned by Singaporeans aged 55 and above, and with mortgages fully paid up. Most of these elderly have strong family support and healthy savings. For those who want to convert part of their housing asset into cash, the current options are:

- a) Sell their HDB flat and move to live with family members or to a smaller flat or Studio Apartment (SA). An eligible elderly household who chooses to top-up their CPF Retirement Accounts (RA) with proceeds from right-sizing and join CPF LIFE can enjoy a Silver Housing Bonus of up to \$20,000 in cash.<sup>1</sup> Since 1 Feb 2013, 70 households have enjoyed the SHB.
- b) Join the Enhanced Lease Buyback Scheme (LBS) where the household sells part of the flat's lease to HDB and retains a 30-year lease, and use its net proceeds to top up their CPF RAs, join CPF LIFE, and get a cash bonus of up to \$20,000. The LBS is currently available to eligible elderly households in 3-room or smaller HDB flats.<sup>2</sup> The LBS was introduced in 2009 and enhanced in 2013. Over the last three years, LBS has benefited 390 elderly households.
- c) Rent out their HDB flat or spare room.

2. MND last improved monetisation options for the elderly on 1 Feb 2013, by introducing the Silver Housing Bonus, and enhancing the Lease Buyback Scheme to allow more households in 3-room or smaller flats to qualify, allow retention of cash proceeds after meeting the required CPF top-up, and increasing the bonus to \$20,000 in cash.

3. Going forward, MND is studying reverse mortgage<sup>3</sup> as a new monetisation option, with a view to formulate a practical scheme. MND is also reviewing to improve existing options, including whether to extend the Lease Buyback Scheme to larger flat types.

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<sup>1</sup>SHB: Eligible household: (i) at least one SC owner aged 55 or above; (ii) income of \$3,000 or less; and (iii) right-sizing from a HDB flat or private property with Annual Value of \$13,000 or less to a smaller HDB flat (up to 3-room) or Studio Apartment. Households have to top up \$60,000 of net proceeds into one or more owner's CPF RA to get the \$20,000 SHB. If they have more than \$160,000 of net proceeds, they will make a further top-up into the CPF RA of the owner with the lowest RA balance, up to the prevailing CPF Minimum Sum.

<sup>2</sup> LBS: Eligible household: (i) all owners at CPF Draw-Down Age (currently 63) or older, and at least one SC; (ii) income of \$3,000 or less; (iii) met 5-year MOP; and (iv) does not own another property.

<sup>3</sup> Under a reverse mortgage, the owner retains the full lease of the flat, but takes a loan against his flat as collateral, and will have to repay the loan with accumulated interest upon termination of the loan, or death.

## **Supporting Housing Needs of Low-Income and Vulnerable**

### **Homeownership**

1. MND provides generous support for low-income families to help them own a flat, in the following ways:
  - a) Give first-timer families Additional CPF Housing Grant (AHG) and Special CPF Housing Grant (SHG) of up to \$60,000. Over the last 3 years, the AHG and SHG have benefited 1,860 first-timer low-income families who bought a new flat;
  - b) Give existing owners of subsidised 2-room flats in non-mature estates a Step-Up CPF Housing Grant of \$15,000 to upgrade to new 3-room flats in non-mature estates; and
  - c) Build 2-room and 3-room flats to provide more affordable choices for low-income families, and safeguard the supply of all 2-room flats and 3-room standard flats in non-mature estates for households earning \$5,000 or less.

### **Rental Housing**

2. We build public rental flats to cater to the housing needs of low-income households who are unable to afford to buy a flat immediately and have no other housing options or family support. We have increased the public rental stock from 42,000 flats in 2007 to 50,000 today, and are on track to reach 60,000 by 2017. We also provide interim rental housing with a good geographical spread for families who need temporary accommodation while they wait to be allocated a public rental flat, or work out or wait for their longer-term housing option,

3. We encourage rental tenants who are able to progress to own a flat. Public rental tenants who are first-timer families can enjoy priority allocation of up to 5% of new 2-room and 3-room flats under the Tenants' Priority Scheme. Today, over 4% of existing tenants have booked a flat and are waiting for it to be completed; over the last 3 years, 1,100 tenants moved into flats they bought, and 60% did so with the help of the AHG, or AHG and SHG.

### **Divorcees**

4. We recognise that divorcees with children may face challenges securing alternative housing after they have sold their matrimonial flat, and help them in the following ways:

- a) Waive the requirement for ex-spouse consent for divorcees with custody of all children who are young (aged below 18) to apply for a

subsidised flat within the 3-year time bar. The time bar will continue to apply to the other spouse;

- b) Divorcees with children who are second-timers can benefit from the Assistance Scheme for Second-Timers (Divorced/Widowed Parents), or ASSIST. 30% of the 2-room and 3-room BTO flats in non-mature estates are set aside for second-timers. Under ASSIST, 5% out of this 30% quota is set aside for divorced and widowed parents with children below the age of 16.
- c) Divorcees with children who have booked a new flat and are waiting for it to be completed can rent a flat at an affordable rate under the Parenthood Provisional Housing Scheme (PPHS).

**Revision to Motorcycle Parking Charges**

1. Currently, motorcyclists who park at HDB and URA Electronic Parking System (EPS) car parks are charged a flat, per-entry rate of 65 cents for either a Day (7am to 10.30pm) or Night (10.30pm to 7am) session. However, motorcyclists who use multiple car parks in a day, such as despatch or delivery riders, may chalk up considerable parking charges.

2. To defray the costs for such motorcyclists, MND will revise the EPS parking rates for motorcycles to charge on a per-minute basis. This will be an improvement from current motorcycle parking charges and will not result in higher charges for motorcyclists, compared to what they are paying today. MND will also introduce an enhanced Season Parking Ticket (E-SPT) that will allow motorcyclists to park in all HDB and URA car parks for a flat monthly fee. HDB and URA are working out the details and will implement the changes soon.

## Existing Schemes Helping Extended Families Live Closer Together

1. Currently, HDB has various schemes in place to encourage families to live with or near one another for mutual care and support. These include the following:

### Married Child Priority Scheme (MCPS)

2. The MCPS gives additional balloting chances (see table below) to families when they buy a Build-to-Order (BTO) flat to live near their parents or married children, or to live under the same roof.

#### Increased Ballot Chances Given to Applicants under MCPS

Type of Applicant	Standard Application	MCPS - Near Parents/Married Child	MCPS - With Parents/Married Child
First-Timer	2	4	6
Second-Timer	1	2	3

### Multi-Generation Priority Scheme (MGPS)

3. The MGPS gives priority allocation of two flats to parents and married children who jointly apply for the same BTO project. The scheme was recently enhanced in Sep 2013 to allow the parents to buy 3-room flats, in addition to Studio Apartments (SAs) and 2-room flats.

4. Up to 15% of the SA, 2-room and 3-room flat supply in the project, subject to a minimum of 20 units each, and the corresponding number of 2-room and bigger flats are set aside for offer to MGPS applicants.

### Higher-tier CPF Housing Grant

5. For first-timer families choosing to buy a resale flat to live near their parents or married children, or to live under the same roof, HDB provides an additional \$10,000 subsidy under the higher-tier CPF Housing Grant.

### Three-Generation (3Gen) Flat

6. In addition, HDB piloted a new Three-Generation (3Gen) flat type in September 2013 to cater to multi-generation families who want to live together under one roof for mutual care and support. The flats are designed to facilitate interaction, whilst providing the necessary privacy for both the parents and younger couples.

7. Each 3Gen flat will feature four bedrooms and three bathrooms (two en-suites), with an internal floor area of about 115 sqm. Only applicants with a multi-generation family comprising at least a married/courting couple and their parent(s) listed in the application, will be eligible to purchase these 3Gen flats.

## Efforts to Make HDB Towns Better

1. HDB has six key programmes to upgrade existing estates, and rejuvenate towns.

### Remaking our Heartland

2. Mature, middle-aged or young, HDB estates are homes to many generations of Singaporeans. Through the years, continuous innovation and upgrading programmes have ensured that the heartland remains our cherished home. The Remaking Our Heartland (ROH) initiative was first launched at the National Day Rally in 2007 by Prime Minister Lee Hsien Loong to transform new, middle-aged and mature HDB estates into more vibrant homes for Singaporeans. The ROH proposals build on the unique identity and distinct personality of the estate, aimed at creating more endearing homes for our residents, meeting the changing needs of an ever-evolving community. This is the soul of HDB's Remaking Our Heartland programme.

3. The first three towns/estates selected for ROH were Punggol, Yishun and Dawson. They are of varying ages and are undergoing transformation in the following three ways: Realising the Vision for New Estates, Rejuvenating Communities in Middle-Aged Estates and Regenerating Old Estates. In 2011, East Coast, Hougang and Jurong Lake areas were selected as the second batch of the ROH programme.

4. The ROH plans are on track and residents can look forward to a rejuvenated estate and a more vibrant living experience in years to come. Key items to be implemented from 2014 onwards are:

ROH Towns/Areas	Key Items to be implemented from 2014
Punggol	The proposals to include new waterfront public housing and the Old Punggol Road Heritage trail are targeted to commence with the launch of public housing contracts in Northshore District in the short term, Punggol Point District in the medium term and Crescent District in the longer term.
Yishun	New BTO launch for Yishun in Mar 2014.
Dawson	The proposals to include new generation of public housing, building communities, integrated facilities and seamless connectivity will be implemented with the rest of the parcels safeguarded for residential developments. More information will be provided when the details are finalised.
East Coast	The hawker centre cum multi-storey car park is expected to be completed in 3Q2014. Works for the New Town Plaza is targeted to commence in 2014.

Jurong Lake	<p>The new pedestrian mall and heritage corner at Jurong East Town Centre is expected to be completed in 3Q2014.</p> <p>Works for Phase 2 of the Taman Jurong Cycling Trail are targeted to commence in 2014.</p>
Hougang	<p>HDB is working with the agencies to transform Upper Serangoon Road into a proposed Heritage Corridor. When the conceptual design of the Heritage Corridor is ready, HDB will seek feedback from the public.</p> <p>HDB is currently working with the relevant agencies to prepare for the launch of the proposed mixed commercial and residential development at Hougang Town Centre in the next 2 years.</p>

### **Home Improvement Programme (HIP)**

5. Launched in 2007, the HIP provides useful improvements within the flats built up to 1986 and have not undergone the Main Upgrading Programme (MUP) at a budget of \$25,600 per flat. The improvement items are:

- a) Essential Improvements – Replacement of waste pipes; Repair of spalling concrete (internal)/structural cracks; Replacement of pipe sockets with laundry rack (external only); and Upgrading of electrical supply;
- b) Optional Improvements - Toilet Upgrading; Replacement of entrance door; Replacement of entrance grille gate; and Replacement of refuse hopper.

A feature of the HIP is that it allows residents to choose and pay only for the improvement items that they have chosen.

6. As of end February 2014, HIP has been offered to 100,000 homes. From 2014, the pace will be increased to 35,000 homes a year, from 28,000 in 2013.

### **Neighbourhood Renewal Programme (NRP)**

7. Launched in 2007, the NRP was formulated in response to feedback from residents during the Forum on HDB Heartware for more active consultation on neighbourhood improvements. Blocks built up to Dec 1989 that have not undergone the MUP, Interim Upgrading Programme (IUP) or IUP Plus are eligible. The budget of \$3,400 per flat is fully funded by the Government

8. The NRP is implemented on a 'neighbourhood' basis allowing improvements to be done more comprehensively to the neighbourhood, with better coordination and integration, and ensures that improvements across neighbouring precincts complement each other. Some of the common/popular improvements provided in NRP projects are covered linkways, drop-off porches, playgrounds, fitness stations, jogging tracks, hardcourts, seating area/study corner at void decks etc.

9. A key feature of the NRP is the active engagement of residents. This is carried out through a 2-stage consultation process - Public Consultation and Consensus Gathering. Such engagements help to create a stronger sense of ownership and belonging by encouraging a higher level of interaction and exchange. It also ensures that improvements provided can better meet residents' needs.

10. As of end Feb 2014, 85 projects, benefiting about 127,000 households have been announced. Another 14 projects will be selected this year.

### **Lift Upgrading Programme (LUP)**

11. The LUP was introduced in 2001 to offer direct lift services to flats, where technically feasible. Besides providing speedier and more convenient access to homes, the lifts also benefit the elderly, families with young children, and the less mobile. The scope of works include the upgrading of existing lifts, providing a lift landing on very floor and adding of new lifts and lift shafts. LUP is a massive programme and is estimated to cost the government \$5 billion in total. Over 5,000 blocks eligible for LUP have been selected, bringing LUP to more than 500,000 households

12. There are about 200 blocks that are not feasible for LUP, based on today's cost and technology. HDB will continue to look for new technology to overcome existing technical and cost constraints. Residents who require direct lift access due to medical conditions can approach HDB for special assistance.

### **Multi-Storey Car Park (MSCP) Lift Installation Programme**

13. All new HDB MSCPs built since Dec 2006 are fitted with lifts. This accounts for about one-third of the existing MSCPs. At COS 2012, MND announced that all HDB MSCPs will be fitted with lifts by 2017. The 5-year programme, costing \$120 million is fully funded by the Government and will cover about 520 MSCPs which are not fitted with lifts, subject to technical feasibility. Residents are not required to vote or pay for the programme.

14. As we come to the tail end of the LUP for residential flats, HDB will ramp up the works for the MSCP lift installation programme. HDB will complete the lift installation of 73 MSCPs by the end of this year. HDB will start work on 200 more MSCPs this year, and another 200 MSCPs from 2015.

### **Enhancements for Active Seniors (EASE)**

15. EASE was launched in Jul 2012 to enhance the safety and mobility of senior and physically vulnerable residents living in HDB flats. The optional improvements provided under EASE, capped at \$2,000 per household, are:

- a) Slip-resistant treatment for floor tiles of one bathroom/toilet;
- b) Installation of 8 or 10 grab bars for one bathroom/toilet and/or within the flat; and
- c) Up to five ramps to negotiate level differences in the flat and/or at single-step main entrance with threshold between 40mm and 120mm.

16. EASE is rolled out through two approaches:

- a) As part of HDB's Home Improvement Programme (HIP). All residents undergoing HIP can opt for EASE items to be installed together with HIP works. There is no age criterion under the HIP.
- b) Through Direct Application. Singapore Citizen households that have one or more elderly member(s) aged 70 years old and above or aged between 65 and 69 years old with moderate impairment, i.e. requiring assistance with at least one Activity of Daily Living (ADL\*) may apply directly to HDB for EASE.

\*ADL refers to washing/bathing, dressing, feeding, toileting, mobility and transferring.

17. As of end February 2014, 24,000 households have applied or opted for EASE and are at varying stages of installation. With very positive response, EASE is being reviewed, looking at lowering the age criterion for direct application and expanding the coverage of the items.