Country Report – SINGAPORE

1. Socio-economic Snapshot
   1. Population

Population of Singapore is 5,353,494. Population wise it 114th country in the world. Population growth rate is 1.993%. Ethnic division of the population is Chinese 76.8%, Malay 13.9%, Indian 7.9%, other 1.4%. In the country, Buddhist are 42.5%, Muslim 14.9%, Taoist 8.5%, Hindu 4%, Catholic 4.8%, other Christian 9.8%, other 0.7%, none 14.8%.[[1]](#footnote-1)

* 1. Per Capita Income of the country is US $49,271.[[2]](#footnote-2)
  2. Affordability

Singapore is often cited as a successful example of affordable housing production in Asian cities. As with Hong Kong, the Singapore public housing policy intervention for resident population has progressively led to society-wide enjoyment of the right to adequate housing. Some 85 per cent of Singapore’s resident population lives in public housing. More than 850,000 housing units in 23 new towns have been constructed. While the poor elsewhere are homeless, the poorest 20 per cent of households in Singapore have equal access to housing resources, albeit public housing and many are homeowners. The proportions bear witness to the realization of housing rights. This remarkable success of Singapore has provided answers to many questions generally raised in relation to providing affordable housing to all. How did Singapore scale up and provide housing access to the urban poor? What are the key policy tools and reforms? What are the pros and cons of those policy tools and interventions? To what extent are the lessons learned transferable notwithstanding Singapore’s uniqueness (small city size, particular cultural, economic and political conditions)? More critically, to what extent does the public housing policy intervention improve the urban quality of life among the poor especially when their traditional abode is changed from low-rise (2-3 story) to high-rise living (the tallest is presently 30-story and going taller)?

Given its widely recognized success, the Singapore public housing development has attracted keen research interest (see, for example, Wong and Yeh, 1985; Yuen et al, 1999) but few have clarified the public housing-urban poverty nexus. This provides the starting point for analysing the performance of housing development in Singapore. To understand it better, one needs to understand the extent of poverty in Singapore followed by an examination of government attitudes, responses and commitment to housing problem, housing delivery, and above all the reality of high-rise public housing living, as the city continues to build taller housing for its growing population[[3]](#footnote-3).

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1. Measures of Affordability
   1. Income/Repayment/Cost of housing Units

For new Housing and Development Board-HDB flats (Minister Mah Bow Tan stated in a parliamentary speech) in non-mature estates, the **average mortgage** payment in 2009 was 22% of monthly household income. This is 1-2% marginally higher than the level seen in the last decade, but well within the affordability benchmark of 30-35%. This also means that about 80% of Singaporean new flat buyers are able to service their housing loans entirely from their Central Provident Fund-[*CPF*](http://en.wikipedia.org/wiki/Central_Provident_Fund) without any cash payment. T**his is a significant and real measure of affordability**[[4]](#footnote-4)**.**

* 1. Any State level Definition of Low-Income Housing

HOUSING is a perennial hot topic of discussion, especially in Singapore where it touches almost every segment of society - from the low to middle income in public housing to the middle and higher income for housing in general.

As with most countries, Singapore's housing provision system is rooted in its historical and political background. During the initial years of independence (from Malaysia in 1965), the Government adopted a subsidized rent system to resolve an urgent housing shortage.

However, it was decided that home ownership was a better strategy as it was thought that citizens would be more likely to sink their roots in the country if they owned a stake in it. This marks the first deviation from public housing systems in countries with a strong welfare focus, such as the United Kingdom and the Netherlands. By the late 1970s, when many welfare countries were starting to revamp their public housing systems due to economic reasons, public home ownership was thriving in Singapore because of the development of the resale market for public housing.

Over the last few decades, the HDB has become the dominant housing provider, accounting for the homes of 82 per cent of the population.[[5]](#footnote-5)

1. Housing Finance Institutional Framework:
   1. Housing Finance by Commercial Banks

Ninety percent of housing is provided through Housing Development Board. Hence the commercial banks have very minimum role to play in this regards.

* 1. Specialized HFIs-Public sector

In Singapore the government plays extremely important role for providing houses to Singaporeans. The Government, through Housing Development Board (HDB) provides 90 percent of houses in the city-state of Singapore. The government is not only the largest housing developer, but also the largest mortgage provider through HDB. The government provided 60.1 billion Singaporean dollars (SGD) in the year 2000, which was much higher than the total housing loans of the private sector which was SGD 38.6 billion. HDB provides housing loans to all eligible buyers of public housing. In 2005, the loan ceiling was 90 percent of the purchase price or market valuation. The maximum loan maturity is 65 years minus the applicant’s age or 30 years whichever is shorter. Borrower can use provident fund saving to repay the loans.[[6]](#footnote-6)

* 1. Specialized HFIs- Private Sector

In Singapore the role of private sector in providing housing is very minimal, as houses from low, middle, and upper middle classes are mainly provided by government owned Housing Development Board-HDB of Singapore. Only the higher income and middle income people, aspiring to upgrade to private property, are catered by private sector housing provider.

* 1. Housing Microfinance Institutions

In Singapore, as about 90% of housing are provided by the Housing Development Board, and as the government keeps eyes on affordability of all segment of society, there remains no scope for housing microfinance institutions in the country.

1. Housing Finance Options for LIG

Mainly HDB.

1. Regulatory Framework:

The Ministry of National Development (MND) regulates the local real estate industry and seeks public feedback on its policies and regulations.

According to MND, there are about 1,700 real estate agencies licensed by the Inland Revenue Authority of Singapore (IRAS) and an estimated 25,000 to 30,000 real estate agents in the market. All these are needed to be regulated by MND.[[7]](#footnote-7)

The Ministry of National Development (MND) has set up a new statutory board - the Council for Estate Agencies (CEA). The CEA implements a new framework to regulate the industry, through the enhanced licensing of estate agencies, registration of estate agents, new regulations on the conduct of estate agency work, discipline and dispute resolution mechanisms, and public education.   
  
Lately the CEA has taken over the Inland Revenue Authority of Singapore’s (IRAS’) current role in licensing real estate agencies.[[8]](#footnote-8)

1. A summary of prevailing regulatory regime for housing finance ( Central Bank or a special agency), presence of Prudential regulations, Mortgage law, Mortgage Guidelines etc Constraints in Growth of Housing Finance for LIG

General review:

The Monetary Authority of Singapore (MAS) is Singapore's central bank and financial regulatory authority. It administers various statutes pertaining to money, banking, insurance, securities and the financial sector in general, as well as currency issuance.

The MAS was set up in 1971 to oversee various monetary functions associated with banking as well as finance. Before its establishment, monetary functions were performed by government departments and agencies.

As Singapore progressed, the demands of an increasingly complex banking and monetary environment necessitated streamlining regulatory functions to facilitate the development of a more dynamic and coherent policy on monetary matters. Therefore in 1970, the Parliament of Singapore passed the Monetary Authority of Singapore Act leading to the formation of MAS on 1 January 1971. The act gives MAS the authority to regulate all elements of monetary, banking and financial aspects of Singapore.[[9]](#footnote-9)

1. Fiscal Support and Subsidy Programs:

Singapore has elaborate subsidy Program through Housing Development Board.

1. Any State level subsidy program Like Interest Rate Subsidy, Tax Incentive, Credit Guarantee

HDB is a State Agency

1. Community Based Programs for LIH
   1. State Level Program: NA
   2. NGO Initiatives: NA
2. Lessons Learned and way forward: Discuss the constraints in growth of LIH finance, steps needed to address them and way forward:

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1. CIA- World Fact Book [↑](#footnote-ref-1)
2. http://en.wikipedia.org/wiki/List\_of\_countries\_by\_GDP\_%28nominal%29\_per\_capita [↑](#footnote-ref-2)
3. http://www.globalurban.org/GUDMag07Vol3Iss1/Yuen.htm [↑](#footnote-ref-3)
4. http://keithyip.com/2010/03/26/how-to-measure-housing-affordability-in-singapore/ [↑](#footnote-ref-4)
5. http://business.asiaone.com/Business/My%2BMoney/Property/Story/A1Story20100301-201587.html [↑](#footnote-ref-5)
6. Housing for all- Challenges of affordability, accessibility and sustainability, by UN-Habitat [↑](#footnote-ref-6)
7. http://www.iproperty.com.sg/news/1128/Singapore-government-to-regulate-real-estate-industry [↑](#footnote-ref-7)
8. http://www.ricsasia.org/newsDetail.php?id=240&regionID=0 [↑](#footnote-ref-8)
9. http://en.wikipedia.org/wiki/Monetary\_Authority\_of\_Singapore [↑](#footnote-ref-9)