



PRESS RELEASE

More Help, Stronger Support, Better Homes

The Government is introducing four additional measures to help middle-income Singaporeans afford their first home and low-income families upgrade to larger flats, and to facilitate mutual care and support for multi-generation families. In addition, we are introducing two measures to further stabilize the HDB resale market.

(I) Help Middle-income Families Afford Their First Home

(a) Enhancement of the Special CPF Housing Grant

2 Currently, first-time home buyers purchasing new flats enjoy up to \$60,000 of housing grants via the Additional CPF Housing Grant (AHG) and the Special CPF Housing Grant (SHG). This has made 2-room and 3-room flats affordable. The SHG (of up to \$20,000) is, however, available only to households earning not more than \$2,250 and buying 2-room and 3-room standard flats in the non-mature estates.

3 The SHG will be enhanced to also benefit middle-income households buying 4-room flats (see Annexes A1 and A2 for details). Specifically,

- a) The income ceiling for the SHG will be raised from \$2,250 to \$6,500. This will extend the SHG benefits from low-income to middle-income families; and
- b) The SHG will also be extended to first-time buyers of 4-room flats (standard or premium) in the non-mature estates.

4 Consequently, the current SHG income ceiling for singles buying 2-room Build-To-Order (BTO) flats under the Single Singapore Citizen (SSC) Scheme will also be raised to \$3,250. This will further enhance their ability to afford a 2-room flat.

5 This new measure will apply from the Jul 2013 BTO exercise, as the selection exercise for these flats has yet to commence.

(II) Help Low Income Families Upgrade

(b) Step-Up CPF Housing Grant

6 Currently, housing grants are only available to first-time buyers of HDB flats. Second-time buyers of subsidised flats are also subject to the resale levy. The resale levy reduces the subsidy on the second subsidised flat, so as to maintain a fair allocation of public housing subsidies between first and second-timers. The resale levy policy will stay.

7 However, to help families in subsidised 2-room flats in the non-mature estates upgrade to 3-room standard flats in the non-mature estates (after they have served the Minimum Occupation Period), we are introducing a new Step-Up CPF Housing Grant of \$15,000 to such families. Similar to the AHG and the SHG, the Step-Up CPF Housing Grant will be subject to the workfare condition, i.e. the applicant, or spouse/fiancé/fiancée must be in continuous employment for the 12 months before flat application, and remain employed at the time of flat application.

8 As with other housing grants, the Step-Up CPF Housing Grant will be credited into the buyer(s)' CPF Ordinary Account (OA) at the point of flat purchase, and will have to be refunded into the CPF OA upon sale of the 3-room flat.

9 This new measure will also start from the Jul 2013 BTO exercise.

(III) Support Multi-Generation Families

(c) Enhancement of the Multi-Generation Priority Scheme

10 Currently, the Multi-Generation Priority Scheme (MGPS) allows parents applying for a Studio Apartment (SA) or a 2-room flat to submit a joint application with their married child applying for a 2-room or bigger flat in the same BTO project. This enables both families to live in the same precinct for mutual care and support.

11 We are enhancing the MGPS to allow parents to apply for a 3-room flat as well.

12 We will set aside up to 15% of the SA, 2-room and 3-room flat supply in a BTO project (subject to minimum of 20 units each) for parents applying under MGPS. Correspondingly, the same number of 2-room and bigger flats will be set aside for their married children. In total, about 400 pairs of new flats will be offered under the MGPS in the upcoming Sep and Nov 2013 BTO exercises (see **Annex B** for more information on the MGPS).

(d) Three-Generation Flats

13 In addition, HDB will pilot a new type of Three-Generation (3Gen) flats to cater to multi-generation families living under one roof. These 3Gen flats will feature four bedrooms and three bathrooms (two en-suites), with an internal floor area of about 115 square metres.

14 To be eligible for 3Gen flats, applicants must form a multi-generation family comprising at least a married/courting couple and their parent(s). To ensure that these purpose-built 3Gen flats serve the target group, subletting of room(s) will not be allowed during the five-year Minimum Occupation Period (MOP). After fulfilling the MOP, these 3Gen flats can only be resold in the open market to other eligible multi-generation families.

15 The first project with about 80 units of 3Gen flats will be launched in Yishun in the Sep 2013 BTO exercise. HDB will monitor the response and calibrate the supply of 3Gen flats accordingly.

(IV) Measures to Further Stabilise the HDB Resale Market

(e) Revision of Mortgage Loan Terms

16 To ensure financial prudence in purchase of public housing and discourage over-consumption, we will reduce the maximum tenure for HDB housing loans from 30 years to 25 years. The Mortgage Servicing Ratio (MSR) limit will also be reduced from 35% to 30% of the borrower's gross monthly income (see **Annex C** for details). These measures are in line with those introduced by the Monetary Authority of Singapore (MAS) to encourage financial prudence among borrowers, which is especially important given that the current low interest rate environment is unlikely to be sustained.

17 In tandem, the MAS will reduce the maximum tenure of new housing loans and re-financing facilities¹ granted by financial institutions for the purchase of HDB flats (including DBSS flats) from 35 years to 30 years. New loans with tenures exceeding 25 years and up to 30 years will be subject to tighter loan-to-value (LTV) limits².

(f) Requiring Singapore Permanent Resident Households to Wait Three Years

18 Currently, Singapore Permanent Resident (SPR) households, i.e. SPR households with no Singapore citizen owner, may buy resale HDB flats as soon as they acquire SPR status.

19 We have reviewed this policy and have decided that SPR households should wait three years from the date of obtaining SPR status, before they can buy a resale HDB flat.

20 This measure will apply to resale applications received on or after 27 Aug 2013, 5:30pm.

¹ Where a borrower applies for a re-financing facility in relation to the purchase of a HDB flat, the sum of the tenure of the re-financing facility and the number of years since the first housing loan granted to the borrower for the purchase of that HDB flat was first disbursed, cannot exceed 30 years.

² For a borrower who has no outstanding housing loan, the LTV limit will be 80%, if the loan tenure does not exceed 25 years and the loan period does not extend beyond the borrower's retirement age of 65. If the loan tenure exceeds 25 years or if the loan period extends beyond the borrower's retirement age of 65, the LTV limit for the loan will be 60%.

21 For further enquiries on any of the above measures, the public can contact HDB:

Sales/Resale Customer Service Line: 1800-866-3066

Branch Service Line: 1800-225-5432 (for transfer of existing flat)

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Current Additional CPF Housing Grant and Special CPF Housing Grant

Additional CPF Housing Grant (AHG)

The AHG was introduced in 2006, and enhanced in 2007 and 2009, to help citizen families with steady income buy their first subsidised flat. The AHG is available to both new flat and resale flat buyers.

Table A1-1: Changes in AHG Structure since Implementation

Monthly Household Income	AHG (Mar 2006)	AHG (Aug 2007)	AHG (Feb 2009)
≤ \$1,500	\$20,000	\$30,000	\$40,000
\$1,501 - \$2,000	\$15,000	\$25,000	\$35,000
\$2,001 - \$2,500	\$10,000	\$20,000	\$30,000
\$2,501 - \$3,000	\$5,000	\$15,000	\$25,000
\$3,001 - \$3,500		\$10,000	\$20,000
\$3,501 - \$4,000		\$5,000	\$15,000
\$4,001 - \$4,500			\$10,000
\$4,501 - \$5,000			\$5,000

Special CPF Housing Grant (SHG)

The SHG was introduced in 2011, and enhanced in 2012, to help low income citizen families with steady income afford their first home. The SHG is given over and above the AHG, but is limited to the purchase of new 2-room and 3-room standard flats in the non-mature estates.

Table A1-2: Changes in SHG Structure since Implementation

Average Monthly Household Income	Amount			Flat Types Eligible for SHG (Mar 2011)	Flat Types Eligible for SHG (Jul 2012)
	AHG	SHG	Total		
≤ \$1,500	\$40,000	\$20,000	\$60,000	2-room standard flat in the non-mature estates	2-room or 3-room standard flat in the non-mature estates
\$1,501 - \$1,750	\$35,000	\$15,000	\$50,000	2-room or 3-room standard flats in the non-mature estates	
\$1,751 - \$2,000	\$35,000	\$10,000	\$45,000		
\$2,001 - \$2,250	\$30,000	\$5,000	\$35,000	3-room* standard flat in the non-mature estates	3-room* standard flat in the non-mature estates

Note: * Prior to the Jul 2013 BTO exercise, the income ceiling for the purchase of 2-room standard flats in the non-mature estates was \$2,000.

Enhancement of the Special CPF Housing Grant

Starting from the Jul 2013 BTO exercise, the Special CPF Housing Grant (SHG) will be extended to households earning up to \$6,500 per month and buying 4-room and smaller new flats (standard or premium) in the non-mature estates directly from HDB. This will also apply to singles buying BTO flats under the Joint Singles Scheme (JSS) (see [Table A2-1](#)). Singles buying BTO flats under the Single Singapore Citizen (SSC) Scheme will have both the income brackets and grant quanta halved (See [Table A2-2](#)). The SHG is not applicable to the purchase of resale flats.

2 The workfare condition for the SHG will continue to apply, i.e. the applicant, or spouse/fiancé/fiancée must be in continuous employment for the 12 months before flat application, and remain employed at the time of flat application.

Table A2-1: Enhanced SHG Structure for Families and Singles under JSS

Monthly Household Income	Current SHG	Enhanced SHG	Change in SHG
≤ \$1,500	\$20,000	\$20,000	No change
\$1,501 - \$1,750	\$15,000	\$20,000	+ \$5,000
\$1,751 - \$2,000	\$10,000	\$20,000	+ \$10,000
\$2,001 - \$2,250	\$5,000	\$20,000	+ \$15,000
\$2,251 - \$2,500	\$0	\$20,000	+ \$20,000
\$2,501 - \$3,000	\$0	\$20,000	+ \$20,000
\$3,001 - \$3,500	\$0	\$20,000	+ \$20,000
\$3,501 - \$4,000	\$0	\$20,000	+ \$20,000
\$4,001 - \$4,500	\$0	\$20,000	+ \$20,000
\$4,501 - \$5,000	\$0	\$20,000	+ \$20,000
\$5,001 - \$5,500*	\$0	\$15,000*	+ \$15,000*
\$5,501 - \$6,000*	\$0	\$10,000*	+ \$10,000*
\$6,001 - \$6,500*	\$0	\$5,000*	+ \$5,000*
> \$6,500*	\$0	\$0*	No change*

Note: * Not applicable to singles applying under JSS as the income ceiling for the purchase of 2-room BTO flats in the non-mature estates under the SSC and JSS is \$5,000.

Table A2-2: Enhanced SHG Structure for Singles under SSC

Monthly Household Income	Current SHG	Enhanced SHG	Change in SHG
≤ \$750	\$10,000	\$10,000	No change
\$751 to \$875	\$7,500	\$10,000	+ \$2,500
\$876 to \$1,000	\$5,000	\$10,000	+ \$5,000
\$1,001 to \$1,125	\$2,500	\$10,000	+ \$7,500
\$1,126 to \$1,250	\$0	\$10,000	+ \$10,000
\$1,251 to \$1,500	\$0	\$10,000	+ \$10,000
\$1,501 to \$1,750	\$0	\$10,000	+ \$10,000
\$1,751 to \$2,000	\$0	\$10,000	+ \$10,000
\$2,001 to \$2,250	\$0	\$10,000	+ \$10,000
\$2,251 to \$2,500	\$0	\$10,000	+ \$10,000
\$2,501 to \$2,750	\$0	\$7,500	+ \$7,500
\$2,751 to \$3,000	\$0	\$5,000	+ \$5,000
\$3,001 to \$3,250	\$0	\$2,500	+ \$2,500
> \$3,250	\$0	\$0	No change

Multi-Generation Priority Scheme

The Multi-Generation Priority Scheme (MGPS) was introduced in Mar 2012 to help married children and parents live near each other. This scheme accords priority allocation to married children and their parents when they jointly apply for flats in the same BTO project.

Current MGPS	Enhancement to MGPS (from Sep 2013 BTO Exercise Onwards)
<ul style="list-style-type: none"> • Parents can apply for an SA or a 2-room flat • Married child can apply for a 2-room or bigger flat in the same BTO project • Up to 15% of the SA and 2-room flat supply in a BTO project (subject to minimum of 20 units each), and the corresponding number of 2-room and bigger flats in the same BTO project, are set aside for MGPS applicants 	<ul style="list-style-type: none"> • Parents can apply for an SA, a 2-room flat or a 3-room flat • Married child can apply for a 2-room or bigger flat in the same BTO project (<i>no change</i>) • Up to 15% of the SA, 2-room and 3-room flat supply in a BTO project (subject to minimum of 20 units each), and the corresponding number of 2-room and bigger flats in the same BTO project, are set aside for MGPS applicants

Revision of Mortgage Loan Terms for Public Housing

Currently, HDB offers housing loans with a maximum loan tenure of 30 years and a mortgage servicing ratio (MSR) limit of up to 35% of a borrower's gross monthly household income. To encourage greater financial prudence, the maximum tenure for HDB housing loans will be reduced from 30 years to 25 years, and the MSR limit will be lowered from 35% to 30% of the borrower's gross monthly income.

2 In tandem, the maximum tenure of new housing loans and re-financing facilities¹ granted by MAS-regulated financial institutions for the purchase of HDB flats (including DBSS flats) will be reduced from 35 years to 30 years. New loans with tenures exceeding 25 years and up to 30 years will be subject to tighter loan-to-value (LTV) limits².

3 The following effective dates will apply:

Transaction Type	For Revised HDB Loan Terms	For Revised Terms for New Loans Granted by Financial Institutions for the Purchase of HDB Flats
Purchase of flat from HDB	Application for HDB Loan Eligibility (HLE) letter received on or after 27 Aug 2013, 5:30pm <u>and</u> sales exercises launched from Jul 2013	Option-to-Purchase (OTP) granted on or after 28 Aug 2013 <u>and</u> sales exercise launched from Jul 2013 ³
Purchase of resale flat	Application for HLE letter received on or after 27 Aug 2013, 5:30pm	OTP granted on or after 28 Aug 2013
Taking over of ownership of existing flat	Application for HLE letter received on or after 27 Aug 2013, 5:30pm	OTP granted on or after 28 Aug 2013
Purchase of flat under the Design, Build and Sell Scheme (DBSS)	Application for HLE letter received on or after 27 Aug 2013, 5:30pm	OTP granted on or after 28 Aug 2013

¹ Where a borrower applies for a re-financing facility in relation to the purchase of a HDB flat or DBSS flat, the sum of the tenure of the re-financing facility and the number of years since the first housing loan granted to the borrower for the purchase of that flat was first disbursed, cannot exceed 30 years.

² For a borrower who has no outstanding housing loan, the LTV limit will be 80%, if the loan tenure does not exceed 25 years and the loan period does not extend beyond the borrower's retirement age of 65. If the loan tenure exceeds 25 years or if the loan period extends beyond the borrower's retirement age of 65, the LTV limit for the loan will be 60%.

³ The revised rules on loan tenure will not apply to new loans, if the borrower is able to produce to the financial institution, a letter from HDB inviting him to select a flat from a sales exercise launched before Jul 2013.

4 In the case of re-financing facilities granted by MAS-regulated financial institutions for the purchase of HDB flats, the revised rules on loan tenure will apply where the application date of the re-financing facility is on or after 28 Aug 2013.
