

Chapter Three

THE EMERGENCE OF PRIVATE HOUSING IN SINGAPORE

3.1 Introduction

TOMORROW

TODAY

Fulfilling the vision for

a better tomorrow.

(URA Annual Report 1990/1991 : 1)

This chapter, which traces the development of private housing in Singapore, prepares the ground for later chapters that develop the subject of housing preferences. It examines and traces the nation's housing provision from the early 1800s to 1996 and describes the various forms of private housing in Singapore. This is reinforced with an outline of new types of housing to stress the fact that the Government is concerned with issues put forth in this thesis: namely the provision of housing that matches emerging tastes and preferences of owner-occupiers. Such housing has been targeted under the Concept Plan (1991) outlined by the Urban Redevelopment Authority (URA). This Concept Plan is a long-range land use and transportation plan to guide the physical development of Singapore in pursuit of the vision of sustained economic growth and a better quality of life. It also sets aside areas for commercial and industrial activities, quality housing, leisure and recreation for a more attractive living and working environment (URA Annual Report 1990/1991:14). The Plan envisages a greater variety of housing forms in view of two main and interrelated issues facing the population: growing wealth and leisure time; and an ageing population. Further discussion on these issues will be covered in Chapter Seven.

The present chapter also highlights the geographic segregation of residential districts as well as the various planning areas in Singapore for housing development purposes. A section of the chapter is devoted to a preliminary discussion of the land title system in Singapore. A discussion of this issue is relevant as housing, besides being for

occupancy, is increasingly being viewed as a form of investment. As such, the question of whether freehold housing is a safer investment than leasehold housing will inevitably arise. Towards the end of the chapter, the issue of rising aspirations and private housing is discussed in the light of Singapore's socioeconomic situation. End notes are provided to assist readers who are not familiar with local terminologies, government agencies and customs.

3.2 Emergence of Private Housing in Singapore

The following sections document the emergence of private housing in Singapore over four periods: the years prior to 1960; in the 1960s; the period from the 1970s to the 1980s and more recently, the 1990s. Owing to the lack of documentary records and the difficulties in obtaining specific dates on private housing developments, few exact dates are quoted in this chapter.

3.2.1 The beginning of Housing in Singapore.

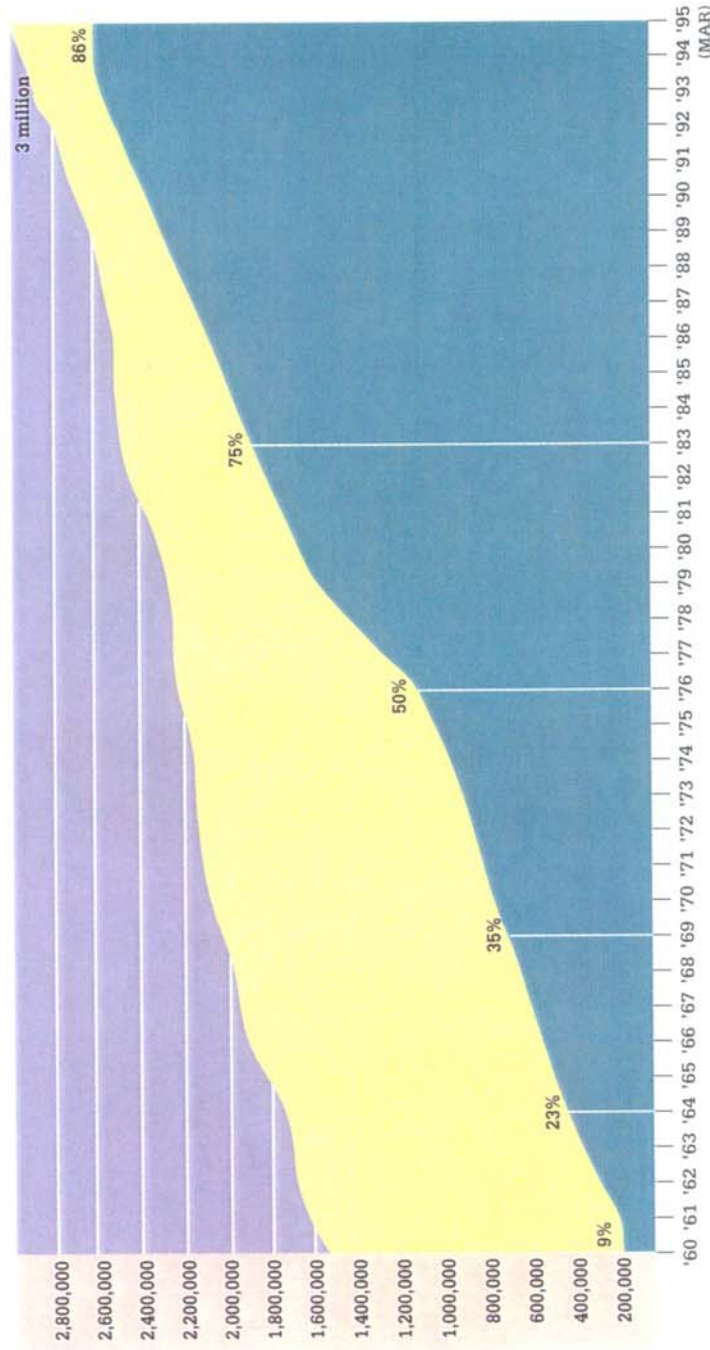
The first record of Singapore's population in 1824 showed a total of 10,683 people. By 1921, the number had grown to 418,358. The rapid growth produced slums in the central city area. In 1918 a Housing Commission was set up by the Colonial Administration to study the housing problem in the central area. As a result, the Singapore Improvement Trust, or SIT¹, was established in 1927 and empowered to plan roads, regulate sanitary conditions of buildings, and draw up schemes for land acquisition. However, apart from housing homeless people, the SIT was not given the authority to carry out any large-scale housing construction (Tan and Phang, 1991). The Singapore Housing Committee reported in 1947 that the housing situation continued to deteriorate after 1942. In 1947, the population reached 938,000 of which 680,000 or 72 per cent lived within the Central City Area and about a third of the population was housed within 4 square kilometres.

The SIT, though armed with building authority in 1932, managed to construct only a total of 20,907 units between 1947 and 1959, housing only 8.8 per cent of the 1.6 million people at the latter date. In 1957, the population density in the city area was estimated at 50,200 persons per square kilometre. Urban slums proliferated, breeding disease and crime, and posing fire hazards (Tan and Phang, 1991). Since then, the population increased to 2.07 millions in 1970, 2.28 million in 1980 and 2.93 million in 1994, (See Table 3-1 on page 40).

In February 1960, the new government headed by the People's Action Party (PAP)² recognized the need to massively upgrade the physical environment from the previous slums and squatter areas and to provide adequate housing. This was done through the setting up of a number of quasi-government agencies or statutory bodies with broad legal powers to implement the various land and housing policies (Yan,1994). As housing was one plank in a manifesto for a five-year plan for a positive social policy, the Housing and Development Board, HDB³ was then established in June 1960 (Yeh and Laquian,1979).

In a context in which the PAP was competing with leftist and moderate groups, the situation of high rents, overcrowding, and city slums made housing a highly politicised issue. Under the Housing and Development Act of 1960, the HDB was given extensive powers in land acquisition, town planning, building, development, and the management of urban fixed investments. Together with the Economic Development Board⁴, the two organizations have been the key instruments in the transformation of Singapore from "less developed" to "newly industrialized" status over a period of some 25 years (Pugh,1987). Within 35 years, the HDB built 700,000 flats housing 86 per cent of the population, (see Figure 3-1 on page 41 and Figure 3-2 on page 42). The HDB's role seems to be that of a nationalised property developer rather than as a conventional public housing provider. Unlike in many countries, such as Australia and the United Kingdom, a large proportion of the housing units built by the HDB is for immediate sale rather than for lease. Of the people living in HDB flats, nine out of ten own their own homes.

POPULATION HOUSED IN HDB FLATS



Source: Research and Planning Department, HDB.

Estimated resident population in Singapore.

Estimated resident population living in HDB flats.

(Source : HDB Annual Report 1994/95: 62)

Figure 3-1

LOCATION OF HDB DEVELOPMENTS



(Source : HDB Annual Report 1994/95: 62)

Figure 3-2

LAND USE, 1984-1994

Year	Square Kilometres					
	Total	Built-up Area ¹	Farm Holding Area ²	Forest	Marsh & Tidal Waste	Others ³
1984	620.2	295.0	58.9	28.6	18.7	219.0
1985	620.5	298.8	47.1	28.6	18.5	227.5
1986	621.7	300.3	39.7	28.6	18.2	234.9
1987	622.6	302.9	32.6	28.6	15.7	242.8
1988	625.6	304.2	30.4	28.6	15.7	246.7
1989	626.4	307.4	12.0	28.6	15.7	262.8
1990	633.0	311.6	10.8	28.6	15.7	266.4
1991	639.1	312.4	6.8	28.6	15.7	275.7
1992	641.0	315.7	6.8	28.6	15.7	274.2
1993	641.4	316.5	6.9	28.6	15.7	273.8
1994	646.1	318.9	7.8	28.6	15.7	275.1

Source : Survey Department

- 1 include new industrial sites.
- 2 Refer to licensed farms excluding land occupied by pure rubber and coconut plantations.
- 3 Include inland water, open spaces, public gardens, cemeteries, non-built up areas in military establishments, quarries, rubber and coconut plantations.

Table 3-2
(Source : Yearbook of Statistics, 1995, Survey Department)

3.2.2 Private Housing in the 1960s

According to Yan (1994), the city of Singapore in the early 1960s was characterized by over crowding, limited social amenities and poor hygiene and sanitary conditions. He noted that Singapore had faced a severe problem of housing its rapidly growing population in the 1950s. This problem was aggravated by the fact that about 80 per cent of the population and economic activities were heavily concentrated in about 20 per cent of the land area in the south-eastern sector of the island, resulting in overcrowding and deplorable living conditions. There was thus an urgent need to relocate the population and reorganise land use. A statutory Master Plan was implemented in 1959 to achieve these objectives by redistributing the population to satellite towns in the suburbs. Reviewing the development of the Master Plan in Singapore, Sim and Yu (1993) observed that the adoption of a more flexible Concept Plan in the 1970s resulted in further decentralization and urban transformation. During this period, great emphasis was placed on housing the lower-income groups. Thus, the government's policy was to develop low-cost public housing estates based on the neighbourhood principle (Pang,1992).

Little attention was paid to the development of housing for the higher-income groups. The task of satisfying the demand for private housing was left entirely to private developers. Yan (1994:32) also pointed out that private housing in the form of bungalows, semi-detached houses and terrace-houses was built by these private developers in the prime residential districts of Bukit Timah, Katong and other residential suburbs of the island. However, he concluded that only the wealthy could afford these traditional landed properties. Of greatest concern during the 1960s were the problems of urban sprawl and wasteful use of land. Traditional landed properties of relatively low densities took up a considerable amount of space. In addition to sprawl was the problem of fragmentation of land. Land was being sub-divided for the development of detached bungalows, semi-detached houses and terrace houses. Another concern was the shortage of space for recreational facilities and other common amenities (Sim and Yu,1993; Yan,1994).

3.2.3 Private Housing in the 1970s and 1980s : Condominium Development

In the 1970s higher income and increasing affluence led to the growth of a large group of middle income Singaporeans and, consequently, a great demand for private housing. The government realized that there was an urgent need to provide more affordable housing for the middle-income group who either did not qualify for low-cost housing or could not afford the traditional landed properties. In addition to satisfying this latent housing demand, it was felt that a more economical and efficient residential land use strategy was needed in land-scarce Singapore. The land area in Singapore has increased over the years, i.e. from 620.2 square kilometres in 1984 to 646.1 square kilometres in 1994 (see Table 3-2 on page 43). Nevertheless, there is always a limit to land reclamation and land fill. In an attempt to maximize the use of scarce land resources and to satisfy the demand for private housing, the government introduced the condominium concept as a convenient planning device. The term 'condominium' describes residential developments comprising flats, apartments and townhouse blocks arranged in such a way as to maximize the use of land under the Land Titles (Strata) Act, 1967. The Act facilitates conclusive titles under the Torrens System to be allocated to various parts of a building, (Lee and Tay, 1995:1280).

Strata Titles, used for condominiums, are essentially titles to air space occupied by a building or part of a building over or above a parcel of land. The general idea is that a building and the land on which it stands are the subject of a strata plan. The plan provides for separate titles for sections of the airspace within the building. The other part or parts of the subdivided building excluded from the individual lots, and any other buildings standing thereon together with the land (that on which the subdivided building stands as well as the remainder of the whole parcel comprised in the Registry title), form the common property (Lee and Tay, 1995:1280). The condominium concept therefore embodies land use planning objectives and encourages more intensive use of limited land resources. It also preserves more greenery and open spaces for recreational facilities. In order to achieve these objectives, general guidelines were provided by the planning department during the initial stages. One of

these guidelines includes limiting the minimum plot size for condominium development to 0.405 ha. This was to discourage the fragmentation of plots and to control urban sprawl (Sim and Yu, 1993). One other guideline stipulated that the developments should lend themselves to strata sub-division of the buildings erected. This was to enable each sub-divided housing unit to own a part share of the open space and other facilities that have to be maintained in common.

The development and growth of condominium housing in Singapore is closely linked to the performance of the Singapore economy. During the early pre-boom stage of condominium development, buyers were attracted by the full range of recreational facilities and other amenities, such as swimming pools, tennis courts, squash courts, children's playgrounds and sometimes beautifully landscaped gardens, offered by these developments. Some even include a clubhouse and a mini-market. The first condominium to be completed and placed in the housing market was Ridgewood, (see Figure 3-3 on page 48) at Mount Sinai Drive and this was followed by Pandan Valley, (see Figure 3-4 on page 48) located nearby, and other condominiums in the outer districts. Few projects were however, completed during this pre-boom period (Sim and Yu, 1993). This was because the condominium concept was new and untested. As such, only the big and well established developers and those with foreign experience dared to undertake these projects. This situation eventually changed in the early eighties as condominium housing became extremely popular with both local and foreign buyers. The great demand for condominium housing came from both domestic and foreign sources. Local demand, was generated by favourable domestic economic forces. National income, which was increasing steadily in the sixties, grew rapidly in the late seventies. The real GDP which was \$13,681 million in 1975, increased to \$30,470 million in 1984 (Yearbook of Statistics, 1995).

In addition to this rising income there was a youthful population. For example, in 1984 the biggest group of the population was made up of persons between 20 and 39 years old (see Figure 3-5 on page 49). Such a population structure generated an enormous demand for housing. As many of these people were not eligible for public housing, the demand was channeled into condominium housing. The second source

of demand came from foreigners who were attracted by the buoyant economy and political stability. An influx of foreign companies and expatriates led to an on-rush of foreign capital, and this contributed to the great demand for condominium housing and luxurious apartments of more than six storeys⁵. Foreign capital from investors and speculators in Hong Kong and other ASEAN countries rushed into the condominium housing market. There was also a buoyant rental market, as there was a huge expatriate community drawn in by the rapid economic growth during this period. Total trade with foreign countries, especially those in Asia, had risen tremendously from 112,474 million dollars in 1984 to over 200,000 million dollars in 1990 and 300,000 million dollars in 1994 (Trade Development Board,1995). As the supply failed to keep up with demand, prices of condominium units escalated. With sales prices and rental escalating daily, developers scrambled for land for condominium development. By 1982, only 54 projects totaling 5,505 units were completed. There was thus an urgent need to increase the supply to regulate the boom market. This was done by the URA, which allocated seven parcels of land for condominium development in 1981. Towards the end of 1983, the 3,500 units from URA's 10th Sales of Sites⁶ flooded the condominium market. Both sales prices and rentals began to drop. The condominium housing market headed for a slump as the supply of units increased and demand decreased. Figure 3-6 on page 49 shows how prices of condominiums began to fall from 1983 to 1985 before consolidating.

In the early 1980s many developers entered the industry for the first time, and a great number of condominium projects were submitted for approval during the boom of 1981 and 1982. Between 1983 and 1988, about 173 projects (approximately 16,600 units) were completed, resulting in excessive supply. The greatest number of projects was completed in 1985, about three years after property prices peaked in early 1982. The number of units completed in 1985 was 5,600 and this was followed by about 4,160 in 1986 (Sim and Yu,1990:6). The condominium market consolidated slowly, and by 1989 it began to show signs of recovery. By 1990, the market was once again on the upswing and the number of submissions for new projects increased steadily. Except for a slight slow-down during the Gulf War, the market has moved strongly from 1991 until the mid 1990s.

Note : This picture was taken using a wide-angle camera.



Ridgewood consists of ten blocks, nine of which are residential and one a recreational centre. There are 426 apartments and 38 townhouses. The apartments are of 2, 3 and 4-bedroom units. The townhouses have 4 bedrooms each (Sim & Yu, 1993).

Ridgewood Condominium at Mount Sinai Drive

Figure 3-3



Pandan Valley has a total of 625 units, consisting of 605 apartments and maisonettes. The rest are commercial units. The units comprise 2,3 and 4-bedroom types of various sizes (Sim & Yu, 1993).

Pandan Valley Condominium in District 21

Figure 3-4

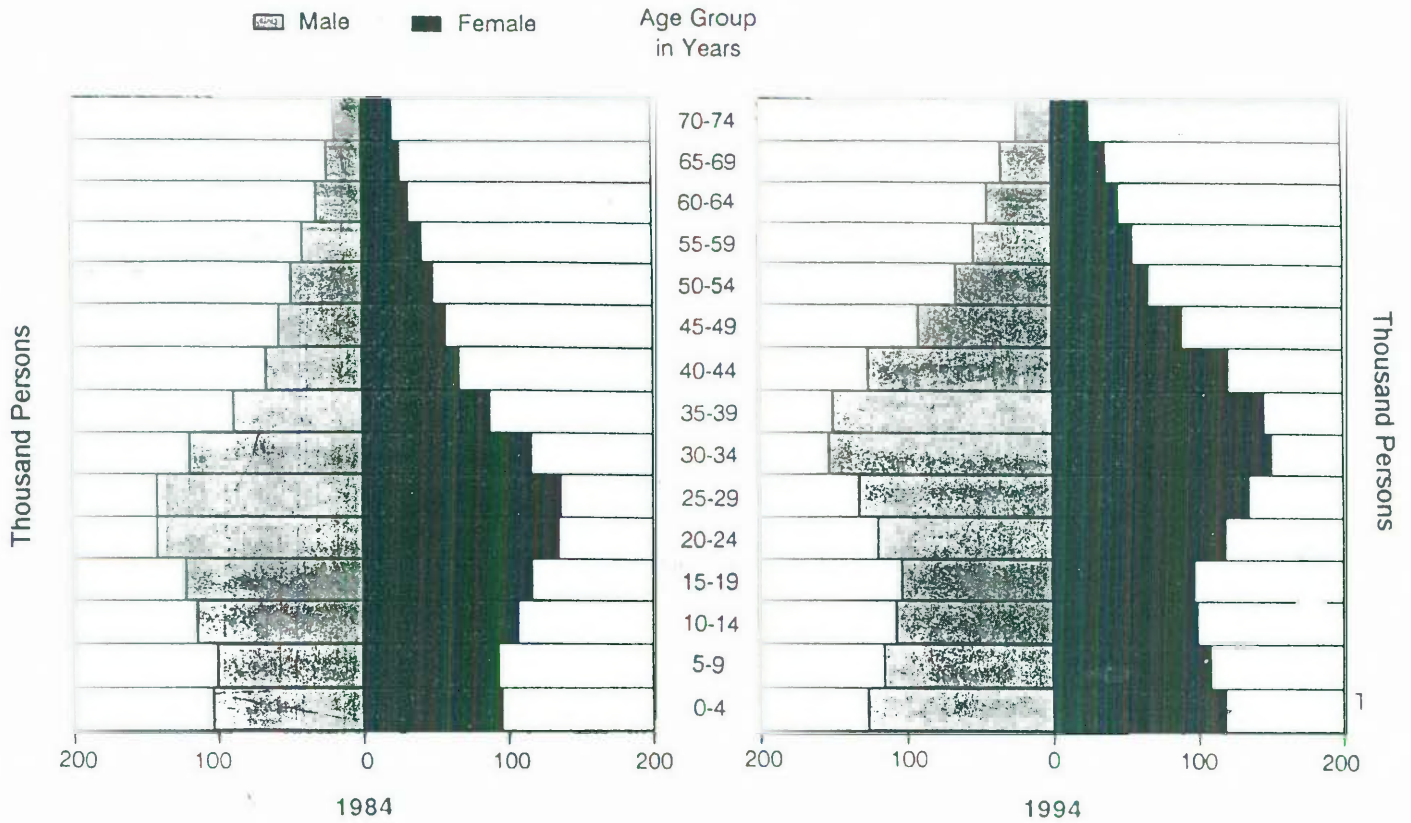
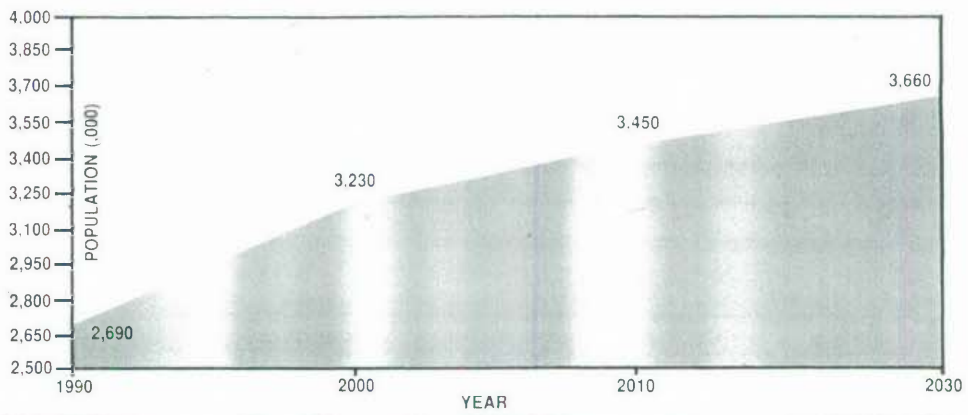


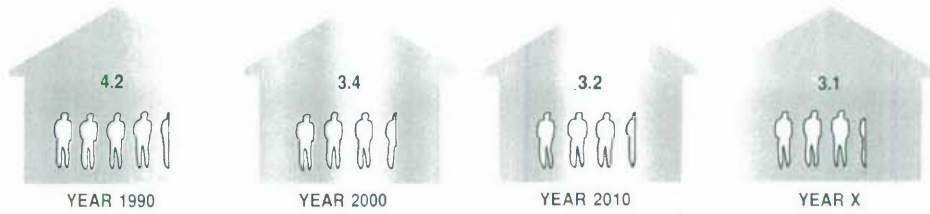
Figure 3-5
Age Distribution of Singapore Residents, 1984 and 1994
(Source : Singapore Yearbook of Statistics, 1995)



Figure 3-6
Average sale price - apartments/condominiums
(Source : Jones Lang Wootton Consultants Pte Ltd, 1994)



Population growth (projected resident population 1990-2030).



Projected resident household sizes (persons per dwelling).

(Projected Resident Populaton 1990-2030)
 (Projected Resident Household Sizes - Persons per dwelling)
 Projected Growth

Figure 3-7

(Source : URA, Living The Next Lap, 1991 :11)

3.2.4 Private Housing in the 1990s:

Singapore has seen many interesting developments in the first half of the 1990s. The most dramatic experience is the rapid escalation in property prices. In 1994, prices of residential properties increased by 44 per cent, compared with 28 per cent in 1993. The real property price index for residential properties increased from 110.5 in 1991 to 286 in 1995 (Department of Statistics, Singapore, Monthly Digest of Statistics, April 1996:130). The per cent distribution of household expenditure on housing had also increased from 16.5 per cent in 1983 to 21.9 per cent in 1993 (Singapore 1994 Statistical Highlight:18-34). Another noticeable change has been the gradual integration of public and private housing with the narrowing of the price differential between both markets. In 1990, the URA and HDB announced that 17 sites, comprising a total of 43 hectares, were set aside for middle income private housing in the new towns. The aim of this policy is to integrate public and private housing developments (Sim and Yu,1993:7).

A third observation is the overall improvement in the quality and form of residential developments. Lim (1994) further reported that the residential market has outperformed the other market sectors in terms of increase in value. According to his analysis, there had been an over 89.7 per cent increase in prices during the five years from 1989 to 1993. This rise was across the board for all conventional housing types. The overall upward movement in property prices (in nominal or even real terms) in the late 1990s lies against the backdrop of political stability, generally unhindered economic growth and a low inflationary environment over the last three decades. Since Singapore is primarily an open economy, property prices are sensitive to the inflow of foreign funds. This is especially so for prime condominium real estate, which is highly favoured by foreign investors, many of whom include wealthy overseas Chinese from Indonesia, Hong Kong, Malaysia, and increasingly, from China. Though the potential supply of private residential property till the year 2000 is estimated to be on average 8073 units per year, there appeared to be no let-up in demand. Lim (1994) cited a number of factors for this strong demand.

Firstly, the fundamentals were strong, with good economic performance and an active stock market. Average real monthly income doubled from S\$1,048 in 1984 to S\$2,086 in 1994. Secondly, the higher rate of household formation and the increased number of non-residents have raised demand for dwellings. The 1990 Census showed that household size was reduced from 4.9 persons in the 1980s to 4.2 persons in 1990. This is expected to be further reduced to 3.2 by the year 2010. By then, the population is projected to be 3.45 million, as compared to 2.69 million in 1990. This inevitably results in an increase in the number of households (see Figure 3-7 on page 50). Lastly, a significant factor is the relaxation in HDB ownership eligibility rules. The impact of the public housing sector on the private residential market cannot be ignored. In 1994, there were a total of 676,558 flats under the management of the Housing and Development Board. Figure 3-1 on page 41, shows that during that same year, 86 per cent of the population was housed in HDB flats. Of these households, 100,899 were in 5-room flats and 40,754 were in executive flats. Furthermore, with government's announcement on the 15th of May 1996, of a wide-ranging package of measures to check sharp increases in the prices of private residential properties and deter speculators from the market, potential upgraders could look towards more affordable housing. One of these measures included imposing a capital gain tax if the property is sold within three years of purchase.⁷

That said, private housing made up 15 per cent of houses in Singapore in 1996, but the Urban Renewal Authority, URA, plans to increase the private property share to 25 per cent by the year 2010 (Urban Redevelopment Authority, 1991). However, it should be stressed that increasing the quantity of private housing would be meaningful, only if the housing preferences of the people are fully understood and considered. This, of course is the main focus of this study.

Another major development in the local housing scene in the 1990s has been the introduction by the government of new forms of private housing. The next section of this chapter discusses these new forms of housing.

3.3 New Forms of Residential Housing

More choices in types of housing and a greater variety of home environments are two key ways in which planners intend to help Singaporeans achieve a better quality of life in the years ahead. The future may see a greater and more varied proportion of low-rise and medium-rise homes to complement high-rise housing (URA, 1991). Under the pre-1991 rules, developers are required to have at least 20 per cent to 40 per cent site coverage⁸ depending on whether a project is low, medium, or high-rise. The revised guidelines will impose a fixed 40 per cent across the board. Developers will be able to design projects with buildings grouped together, while recreational and open spaces will be in another part of the site. The 1991 Revised Concept Plan⁹ for Singapore was the genesis for two new housing types, Cluster Housing and Strata Bungalows (See Fig. A3-8 in Appendix 3), which will be allowed under the revised guidelines.¹⁰

Cluster Housing¹¹ is landed housing with communal facilities. It uses the strata title arrangement to define the extent of the private areas and communal areas. Effectively, it will be a mix of conventional landed property and low-density condominiums. All units will have ground contact but with shared common facilities. The units are linked in clusters and may be arranged in different permutations, thereby giving rise to different layouts. No condominium status will be accorded to such developments (SIA Year Book 1994/95 : 91).

Strata Bungalows on the other hand, are bungalows with communal facilities. Each bungalow unit may have its own private compound and share some of the communal facilities and common areas. It uses a strata title arrangement to define the extent of private and communal areas. Strata Bungalows will comprise detached bungalows within a single development site in a condominium setting, e.g. private gardens with trimmed hedges for the bungalows, but shared facilities, e.g. swimming pools and tennis courts. With the high cost of land, it becomes increasingly hard to have luxurious facilities within one's own boundary. The new concepts¹² will be more economical in capital costs as well as maintenance (SIA Year Book 1994/95 : 93).

3.4 Types of Private Housing : Forms and Design¹³

A residential unit refers to a building or a contiguous space in part of a building for dwelling purposes. These units are categorised into detached houses, semi-detached houses, terrace houses, apartments and condominium units. Hostels, tenement houses and parsonages are excluded (URA,1994). Residential projects can be further grouped into landed or non-landed property. Landed property refers to residential development comprising detached houses, semi-detached and terrace houses. The building height varies from 1 to 3 storeys. Each building sits on an individual plot of land with its own land title and access arrangement. Another form of landed property in Singapore is the town house. This is in the form of a residential building designed as a single dwelling unit with ground contact, and forming part of a row of not less than three residential units (SIA Year Book 1994/95:83). Owners of town houses have common ownership of the land. Usually, no common facilities are provided in town house developments.

The most common or popular type of non landed properties is the flat or apartment, which is a unit on one floor of a multi-storey building used for residential purposes. In the Singapore context, 'apartment' refers to private property, while HDB units are termed 'flats'. One other form of private property is the maisonette. This is a self-contained dwelling on two levels and has its own internal stairs. Such housing can be of high rise or low rise structure. The above non-landed types can be regarded as strata-title units only when the development which they form part of is registered under the Land Titles (Strata) Act (Cap. 158, 1988 Revised Ed.). Such a unit can also be termed a condominium unit if the development in which it is situated has been declared by the Development Control Division (DCD)¹⁴ as a 'condominium' development (Motha and Tay,1994).

3.5 Planning Regions and Private Residential Districts

The Master Plan for the Republic of Singapore was first formulated during 1952-1955, and approved by the Government in August 1958. The Master Plan has since undergone six reviews, and various alterations and additions have been made to it. In 1988, a new approach to planning was adopted. In the new planning system, the Concept Plan maps out the long term land use and development strategy, whilst the Development Guide Plan (DGP) translates the intentions of the Concept Plan to guide development at the local level. In 1991, the Urban Redevelopment Authority (URA), Singapore's national planning and conservation authority, released the revised Concept Plan. This plan maps out the vision for Singapore's land use and long term development (URA,1991).

With the completion of the Concept Plan, the URA has proceeded to prepare the development guide plans or, DGPs. As each DGP for a planning area is completed, it is gazetted as the new statutory Master Plan and replaces the 1985 Master Plan. The new Master Plan is prepared to ensure that Singapore's land resources are optimally and fully utilized to develop a successful and prosperous tropical city of excellence. In fact, one of the planning strategies is to phase out existing industries in existing residential areas, such as those in Bukit Timah and those along the Jurong River, and to revitalise these areas for new housing developments (Zhu,1995).

In 1996, the whole of Singapore was divided into five planning regions, viz North Region North-East Region, East Region, Central Region and West Region, (see Figure 3-8 on page 57). There are 55 planning regions, and each of these areas will have its own Development Guide Plan or DGP. Upon completion of the DGP for each planning area, it will be incorporated into, and form part of, the Master Plan, by way of an alteration or addition to the Master Plan under Section 6 of the Planning Act (Cap. 232.) (The Planning Act, Cap 232, 1990). The use of DGPs is more relevant to the planners and developers than to potential home buyers. The latter however, are more familiar with the postal districts when deciding on where to buy a house. In terms of postal districts, Singapore was divided into 28 districts and among

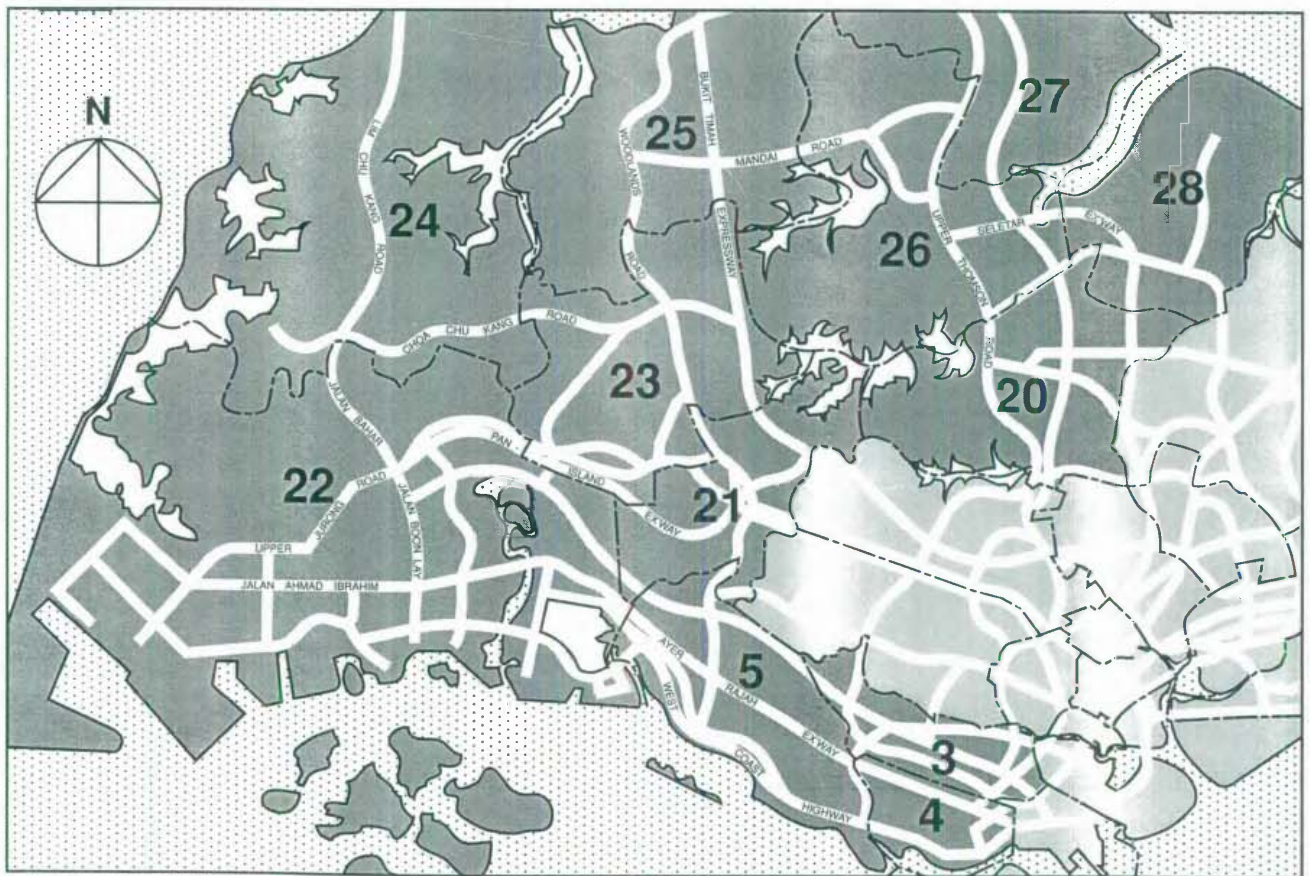
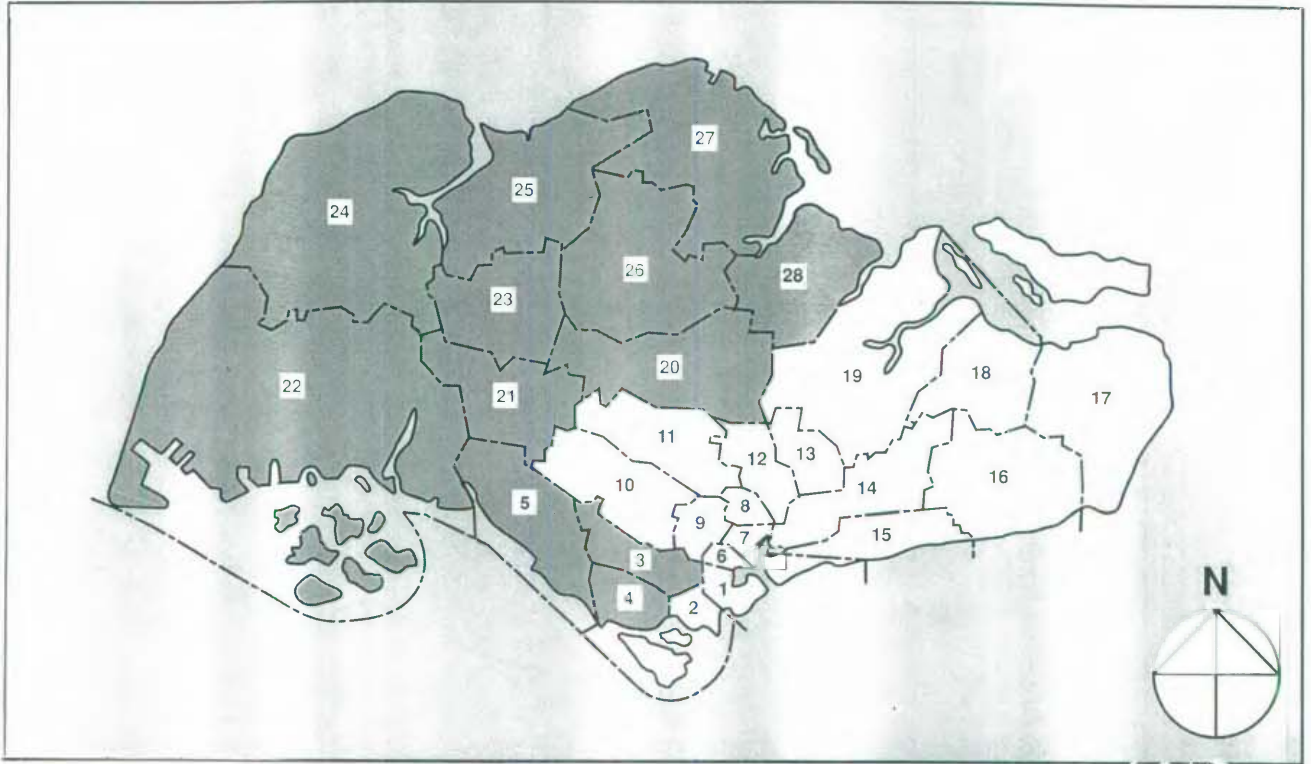
these, the four most popular districts are 10 (Tanglin), 9 (Orchard Road), 11 (Dunearn/Bukit Timah) and 21 (Clementi). Districts 21, and 23 together with district 5, are peripheral districts in the west region and are near to Jurong industrial estates and the tertiary institutions, (see Figure 3-9 on 58). These district codes have been in use for about 45 years. On the 1st of September, 1995, new postal codes¹⁵ were implemented. Prime districts in Orchard Road and Bukit Timah were assigned postal codes beginning from 22 to 30 instead (Yeo, 1995; see also Figure 3-10 on page 59). It will take time for people to get used to the new postal codes and work out which are the prime districts. With the new postal codes, location names rather than district numbers might become a more popular way of referring to residential properties.



Planning Areas

Figure 3-8

(Source : URA, Living the Next Lap, 1991 : 11)

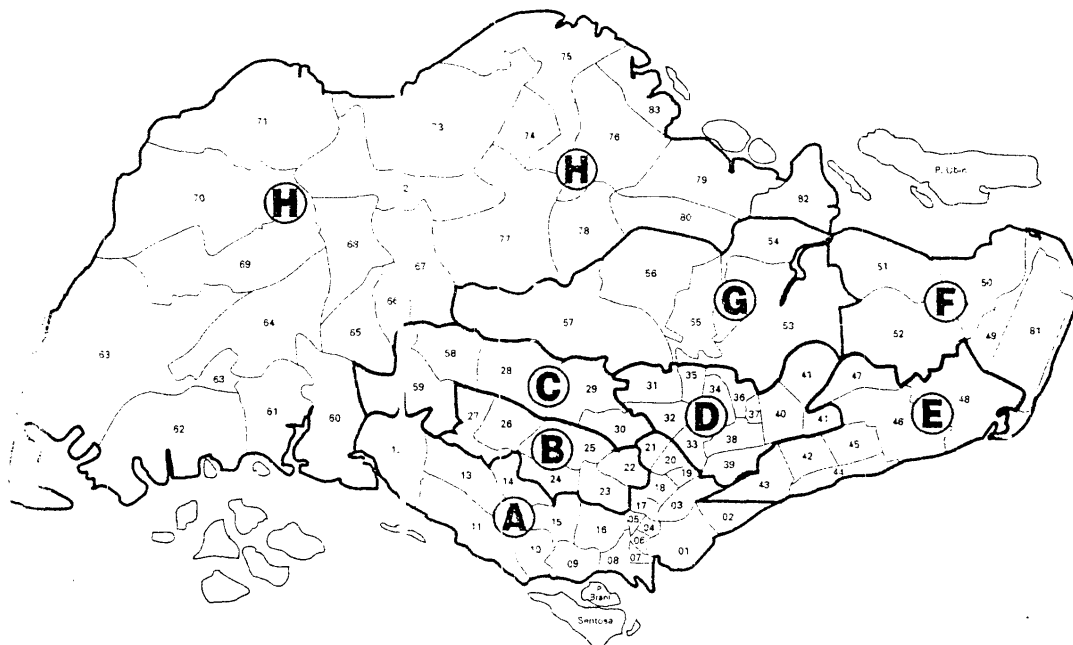


Map of Singapore showing the Western Region (bottom) and the old postal districts (top)

(Source : Sim & Yu, 193:25)

Figure 3-9

The Straits Times Classified PROPERTY GUIDE (PRIVATE RESIDENTIAL)



Localities	Sectors (New)	Districts (Old)	Class Codes
A - City & South West	01 - 21	1 - 8	402, 440, 441
B - Orchard / Tanglin / Holland	22 - 27	9 - 10	404, 445, 446
C - Newton / Bt. Timah / Clementi	28 - 30, 58, 59	11 & 21	406, 450, 451
D - Balestier / MacPherson / Geylang	31 - 41	12 - 14	408, 455, 456
E - East Coast	42 - 48	15 - 16	410, 460, 461
F - Changi / Pasir Ris	49 - 52, 81	17 - 18	412, 465, 466
G - Serangoon / Thomson	53 - 57	19 - 20	414, 470, 471
H - West & North	60 - 80, 82, 83	22 - 28	416, 475, 476

Map of Singapore showing the new postal districts

Figure 3-10

(Source : The Straits Times : Properties Classified Advertisement 21 October, 1995)

3.6 Title to Real Estate in Singapore

Tenure means the holding of land on certain terms and conditions. Singapore has followed the English law of real property since it became a British Colony. The state remains the ultimate paramount owner of all the land in Singapore. This was introduced into Singapore together with the doctrine of estates and its twin, the doctrine of tenure, by the Second Charter of Justice 1826. The foundation of land law in Singapore is thus feudal, although the law that is in operation today is not so (Lee and Tay,1995). Land-holding in Singapore typically falls into any one of the following categories:

- (i) Freehold Estate
- (ii) Leasehold Estate
- (iii) Estate in Perpetuity

The largest interest any person can own is an estate in fee simple, and no more. However, the owner's interest is liable to be compulsorily acquired by the state for public purposes under the law of resumption or, as it is more commonly known, compulsory acquisition. "Estate" means an interest in land of certain duration. Examples are freehold estate and leasehold estate. Freehold estate involves perpetual absolute ownership. An estate in fee simple is an estate of freehold. The owner is presumed to own everything on the property and to such height as is necessary for ordinary use and enjoyment of the property. The owner is entitled to possession of the property and owns all the structures and chattels annexed to the property (Sim,1990).

The land title system in Singapore is a system of title to land by registration. The crucial event in a transfer of an 'interest in land' is registration. So all dealings in land, such transfer and mortgages, must be registered for them to be valid. Registration defeats all prior unregistered claims (Motha and Tay,1994). Sim (1990:12-17) stressed that a purchaser of real estate is actually paying for the "good title" of the property. This is the most important aspect of property investment. As such, in a sale of real estate, the vendor has an obligation to convey to the purchaser a "good

title" which is free from encumbrances and cannot be challenged. One of the systems of title under which land is held in Singapore is the Torrens system of title. This has been proven to be more efficient and better system than the old common law (or deed) system. The Torrens system, initiated by Sir Robert Torrens of South Australia, was introduced to eliminate the tedious need for each transfer of property to be preceded by a time-consuming collection of past deeds, conveyances, etc. The Land Titles Act became effective in 1959 and the Land Titles Registry was constituted in the same year to administer this new system of title (Lee and Tay, 1995). Under the Torrens system, only one document in the form of a Torrens Title is required. It is the least costly and the most common land title to convey, following registration of the title at the Land Office. It is the guarantee to the owner that the land belongs to him or her (Waxman and Lenard, 1988). Strata Titles come under the Torrens System. The Land Titles (Strata) Act (Cap. 158, 1988 Revised Ed.) deals with Strata Titles. The law enables land and buildings to be sub-divided into lots and common property, with a separate individual title to each lot. Strata titles are used for single level units or townhouses, multi-storey buildings and condominiums.

The broad idea is that a building and the land on which it stands are the subject of a strata plan. The plan provides for separate titles for sections of the airspace within the building; all the rest of the building and the land surrounding it are the common property. The bulk of residential property sold in Singapore today comes with a leasehold. Houses with a 99-year leasehold tenure will become a common feature in the Singapore landscape in the future as the Government releases more land for such development. The acceptance of such leasehold housing, as well as the impact of passing time on the value of such housing, will be further discussed in later chapters.

The next section discusses the issue of the aspirations of an increasingly affluent population for private housing in Singapore.

3.7 Rising Aspirations and Private housing in Singapore

Though economic development and increasing wealth in Singapore have resulted in demand for more and better quality housing, the relationship is neither a simple nor a straightforward one. Indeed, such expectations for quality housing could be a stimulus for economic development which, in turn, leads to growing demand for better housing in a circular and cumulative way. As described by Maslow's 'hierarchy of needs' in human motivation, the demand for better housing inevitably results from the need to satisfy the self-realization need of people once the basic physiological needs are met (Maslow,1943). This need is especially prevalent in Singapore, where more people are earning higher incomes. The median monthly income¹⁶ had risen from \$613 in 1984 to \$1,234 in 1994. Average personal savings in the CPF¹⁷ had gone up from \$65,900 to \$94,600, an increase of 43.5 per cent, between 1990 and 1995. Rising affluence as a result of rapid economic development inevitably causes expectations to rise in Singapore. These expectations transform into the desire by an increasing number of people to own private housing and cars.

These high expectations are caused mainly by economic success and a dramatic improvement in the education system over the last 30 years. Twenty per cent of each cohort now go to university, compared with 11 per cent in 1984 and 4.5 per cent in 1974. The number of students in institutions of higher learning increased from 39,913 in 1985 to 83,914 in 1995. Other interesting figures show that in the 10 years between 1980 and 1990, the number of graduates almost tripled (from 33 000 to 85 000) (Yearbook of Statistics, Singapore,1995:226). Very obviously, Singapore has created a broad middle class, and equipped a majority of people with the skills and training to pursue rewarding professional careers. Real incomes may have increased for most recent graduates today. Unfortunately, prices of houses have gone up even more, as a result of limited supply and strong demand, as shown by the private property price index for residential properties increasing from 71.6 in 1985 to 273.8 in 1995 (Yearbook of Statistics, Singapore,1995:220).

Young people today have high expectations when it comes to housing. Such a trend is not totally unexpected. Hohm (1985), in an interview survey of 1,011 San Diego, California State University students reveals that they aspire to and expect to purchase homes that resemble the expensive housing of their parents. Moreover, these students expect to allocate relatively high proportions of their monthly incomes for housing expenditure. As pointed out by Holm (1985), the housing aspirations of some people can even lead to their willingness to consider fertility limitation and to consider childlessness, solely to ensure that they can purchase a home of their liking. Such is the extent of the importance of housing.

Likewise in Singapore, Lee (1995) reported that young graduates, brought up in the comfort of the lifestyle achieved by their parents' years of hard work, expect to enjoy a lifestyle of equal standard, if not an even higher one. Inevitably, one side effect of this phenomenon is growing individualism. Lee (1995) stressed the need to improve the standard and varieties of private housing so as to meet the rising aspirations of people. She stressed that the government has to take into account the social expectations of its citizens, especially in housing, when governing the nation in order to avoid growing tensions and frustration created by the failure to meet such aspirations.

In this study, it is theorised that the great expectations are the result of four factors. These are listed on an *a priori* basis as follows :

i. The income factor

Real increases in incomes will result in higher expectation to own better housing. Very obviously, one of the reasons for the increases in real income is that of higher educational levels of the people as noted above. With higher educational qualifications, people are earning more as executives and professionals. The fact that the population is more educated now than in the past can be seen from the fact that in 1990, 35 per cent of each cohort entered a polytechnic or university. In 1995, 57 per cent did, an increase of 22 per cent, or about 11,000 students (Toh and Tay,1990:15).

ii. The esteem factor

Generally, higher income households are more likely to spend a greater proportion of their income on housing goods in their pursuit of status to satisfy their esteem needs. Such esteem needs are part of the reason for the increasing demand for private housing in Singapore. This is because owning a private house or apartment is widely regarded by most people as a status symbol; as having arrived at a certain position in society.

iii. The environmental factor

This thesis argues that owner-occupiers of private housing place greater emphasis on more favourable housing environments than those who live in public housing. This is so, because environmental issues are generally of community concern, and a good environment can offer an excellent form of social cement. As pointed out by Sorensen and Auster (1991:29), the built environment is also a major facet of a community's heritage - something which may be simultaneously aesthetic, a reminder of common social roots, and an economic asset.

iv. The investment factor

There has been a general rise of housing as an investment good in recent years – very much like shares. This is the cumulative outcome of an anticipated increase in real estate prices over the past decades. When investors put their money in property, they expect a return of rental income or profit over a long period. In other words, they look for both annual income and long-term capital appreciation.

And according to Lee and Tay (1995), there is fairly heavy direct and indirect government intervention in the local housing market, largely because housing is deemed to be a social good, and is often used as a policy tool to achieve socioeconomic and political ends. This, of course, also means that private house ownership is being encouraged in Singapore.

3.8 Concluding Comments

This chapter has described the emergence of private housing in Singapore from the 1960s to the present day. In doing so, it captures the various important developments and events that occurred in the private housing market during the stated period (1960s to 1996). The chapter also specifically highlights the different forms of private housing as well as the new housing forms. An overview of the planning regions and private residential districts under the Master Plan, and a brief discussion on the issue of titles to residential properties, as well as the rising aspirations of Singaporeans to own private housing, are also included. The next chapter describes the development of conceptual models of housing preferences.

END NOTES

¹The then Singapore Improvement Trust, SIT, was the predecessor of the current Housing and Development Board, HDB.

²The People's Action Party (PAP) was formally inaugurated in November 1954. Since 1959, it has been the only party that has ruled Singapore. Its dominance and supremacy in the Singapore political arena has been practically unassailable, especially since 1965 (Josey, 1980:33).

³The Housing and Development Board (HDB) was formed to provide public housing under the Home Ownership Scheme (1964). In 1964, the government introduced the Home Ownership Scheme to give citizens an asset in the country, a means of financial security and to hedge against inflation as it protects against rising rents. (HDB's homepage on <http://www.hdb.gov.sg/about/brief.htm>, 1996).

⁴The Economic Development Board (EDB) has the responsibility of industrial planning, development and promotion of investments in manufacturing and services as well as upgrading local business capabilities. (EDB Homepage at: <http://www.edb.com.sg/index1.html>).

⁵Foreigners are not permitted by local law to own houses which are below 6 stories in height, unless special permission is sought with the Land Office.

⁶The Urban Renewal Authority (URA) releases state land to the private sector regularly for private housing, commercial, hotel and industrial development. The main objective of the government's land sales programme is to supply land for private development to support economic growth and to meet the objectives of the Concept Plan (URA Annual Report 1993/94: Our Plans and The People: page 23).

⁷These measures are discussed in greater depth in Chapter Seven.

⁸Site Coverage: The term 'Site Coverage' for condominium housing development means the areas of all the buildings or structures measured along the outermost external walls or roof projection where the projection is greater than 1.0m, expressed as a percentage of the nett site area. Any structure that protrudes more than 1.0m above the existing or approved platform level is to be included in the site coverage computation (SIA Year Book 1994/95: 72).

⁹ Refer to the Master Plan and Development Guide Plans, under Section 6 of the Planning Act (Cap 232)

¹⁰ See Figure A3-8 in Appendix 3.

¹¹ See Figure A3-8 in Appendix 3.

¹² The new housing concept was not covered in the survey carried out in this study as the concept is new to the people and it is difficult for them to visualise the exact form and potentialities of such new housing when it is ready towards the end of this decade. However, it is postulated that the new housing concept will offer potential house buyers a wider choice of housing and lifestyles. Nevertheless, the development of such housing will not invalidate the findings in this study as they form a relatively small portion of the whole housing market.

¹³ See pictures in Appendix 3 for examples of the different types of private housing in Singapore.

¹⁴ The Development Control Division of the URA processes all types of development plans from simple additions and alterations to residential houses, to complex major developments (URA Annual Report 1993/94 : Our Plans and The People : page 28).

¹⁵ A 6-digit postal code system was introduced by Singapore Post on the 1st Sept. 1995 to pave the way for further automation of mail sorting (Singapore Postal Code Directory, 1995 :3).

¹⁶ The figures quoted are deflated by overall CPI and are in 1990 dollars. Income growth for all workers was 6.1 per cent for the period 1980 to 1990 (Singapore 1994 : Statistical Highlights, Page 9).

¹⁷ The Central Provident Fund (CPF) is a social security savings scheme jointly supported by employees, employers and the Government. CPF Members are employees and self-employed persons in Singapore. The basic purpose of the CPF is to help Members meet primary needs like shelter, food, clothing and health services in their old age or when they are no longer able to work. Benefits offered are to help meet one or more needs of CPF Members in their retirement. They include withdrawals by the Member for retirement, permanent disablement, home ownership and medical care. The amounts available depend on how much the Member has saved in the CPF (<http://www.ncb.gov.sg/cpf/index.html#main>).