



Singapore Perspectives Conference 2022: City Panel 1 — City: Who Owns?

By Ruby Thiagarajan

The first panel of the in-person conference for Singapore Perspectives 2022, “City: Who Owns?”, was moderated by Mr Christopher Gee, IPS Senior Research Fellow and Head of the Governance and Economy Department. The panel featured speakers Dr Cheong Koon Hean of the Lee Kuan Yew Centre for Innovative Cities and Mr Manohar Khatani, the Senior Executive Director of CapitaLand Investment Limited.



Caption for photo: Dr Cheong Koon Hean (middle) and Mr Manohar Khatani (right) in conversation with Mr Christopher Gee (left)

Opening Remarks

Dr Cheong Koon Hean started the discussion by posing the question, “who owns what?” in response to the title of the panel. She raised the importance of defining the “what” and offered up three possibilities: physical land space and assets in land-scarce Singapore, digital assets,

and the right to decide how the city develops. She contextualised the idea of the city by explaining why people would choose to come together and live in dense and close quarters. People move for economic activity, the promise of better jobs, a higher frequency of social interaction and the proximity to multiple amenities such as schools and hospitals. However, because cities play host to a large number of people in a small space, rapid urbanisation puts a lot of stress on resources. In particular, she mentioned land scarcity and the volatility of land prices. This makes the question of who owns the city vital. In a market like Singapore's, land becomes investment assets.

Two major forces guide the use of Singapore's land: the private and public sectors. In Dr Cheong's view, the private sector is important because it designs and creates key aspects of the city. However, if land usage is left solely to the workings of the market, scarcity will inevitably price out social goods such as parks and schools that are unable to generate profit as much as other developments. It could result in a systematic transfer of land ownership to corporations and developers and even lead to gentrification. This trouble with land ownership can also worsen inequality.

The government therefore taps the best of the private sector while also considering wider public interests and safeguarding the city for the people, she said. With this in view, the government plays two main roles in the city. It facilitates economic growth and also plays a social and redistributive role. It does this through planning and zoning. This ensures that land is protected for both economic and social goals. It is also important to put in place appropriate policies such as the Land Acquisition Act, which Dr Cheong described as a form of wealth redistribution. She ended her remarks by suggesting that the public was made up of various communities and was not a homogeneous group. The answer to "who" owns the city is a complicated one and that the main challenge was being able to balance the needs of everyone in the city while still moving forward.

Mr Khiatani picked up on Dr Cheong's remarks about land scarcity and raised the issue of trade-offs. He said Singapore needs to be both a liveable city as well as a city that is attractive for international business. He used the example of industrial land to demonstrate how absolute market forces were not appropriate for determining land prices. Were prices left up to the market, Singapore would price itself out of important manufacturing activities which are critical components of the economy. As it stands now, 20 per cent of Singapore's GDP comes from manufacturing. Ultimately, the key consideration to take into account is not the maximisation of land price but the maximisation of the economic returns from the land.

He also responded to Dr Cheong's discussion on the public and private sectors, by suggesting that in most cases the interests of both sectors were totally aligned. Speaking from his experience as a senior member of CapitaLand, he explained that it was in the private sector's interest to ensure that the assets they own continue to remain attractive 30 to 40 years down the road. It makes good business sense to not only be concerned with short-term profits but to ensure the vibrancy of the communities that cluster around different developments.

Question & Answer

Mr Christopher Gee began the Q&A session by posing a question about the tension between international competitiveness and the social good and how best to manage this balance. Dr Cheong reiterated that long-term planning was essential to the success of the city due to Singapore's land scarcity. However, the plan needed to be flexible in order to account for unexpected developments. The government's role is not only in being a regulator; rather, regulation is seen only as a means to an end. She gave the example of the Marina Bay Sands development and how the government eventually chose its developer. During the tender process, the government was considering how each proposal could build the economy and the city, providing public space as well as commercial square footage. Mr Khiatani responded to say that hardware, software and heartware were essential to any development. In the example of the one-north development, the government wanted to create a business park that deviated from the campuses of the 1980s which were centred around quiet spaces and greenery. Instead, one-north was to become a vibrant collaborative space. The government and JTC kickstarted the project and installed key elements while still leaving space for the private sector to come in. The result was a successful collaboration between public and private sectors.

Mr Khiatani also spoke about how Singapore is a global hub that needs to remain attractive and open to international businesses. SMEs should have certain benefits and there are grants from Enterprise Singapore for local businesses, but when it comes to allocating business space, there should not be a distinction between multinational and local firms. Space should instead be allocated according to an understanding of which space best serves which company. Having one-north be a mixed development and its proximity to institutes like Biopolis and Fusionopolis have facilitated innovation and the breaking down of silos.

The conversation then turned to zoning and land planning. Dr Cheong noted that most contemporary zones were mixed-use which suits a vibrant city. Specifically talking about the central area, she mentioned that URA was interested in bringing mixed-use into the city and not reserving it just for offices. Marina Bay, for example, is a place for "big footprints" and has opened up space in the conservation areas for other smaller businesses. Mr Khiatani talked about how his company was developing Liang Court into a mixed development and how they were centring the whole customer journey. That was more important than maximising commercial space. He also mentioned the Sengkang Central project and how the government made a community centre, childcare centre and other social amenities a key requirement in the tender process. In his view, as long as the direction from the government on how to use the space was clear, the private sector would respond accordingly.

Dr Cheong spoke about the issue of leaseholds in Singapore and explained that it allows for the virtual recycling of land for future generations. The leasehold mechanism ensures that the land in Singapore is not simply owned by the same few individuals and that new housing and business developments can be built. The varying lengths of leases exist to foster economic dynamism. Shorter leases come with lower land prices and allows for a change of ownership along with economic changes. Leases in the same area are also timed to end at around the same time in order for the land to be rejuvenated at one go. This is especially relevant to Singapore because there is no possibility of a city sprawl beyond the existing land. Mr Khiatani added that Singapore's economy had changed vastly in the last few decades, moving from

being labour-intensive to knowledge-intensive. If Singapore's industrial land had remained focused around labour-intensive industries, it would not have kept up with Singapore's fast-paced economy. That is why industrial land is now allocated for 30-year durations. This, however, is not a blanket rule. Different considerations must be made for different industries.

There was a question from the audience about where the people factored into the conversation as the discussion had centred on both the public and private sectors so far. Dr Cheong admitted that urban planning used to be more top-down from the government, but this changed tack in the last two decades. As the trade-offs for land use became more stark, it was important to speak to different groups of people. In her experience, joint solutioning was not an easy task but it was critical. She suggested putting different groups in the same room and merely facilitating the discussion. The conversation, which she described as "sharing the dilemmas", would lead parties with different priorities to come to a consensus.

Ruby Thiagarajan is a Research Assistant at IPS.

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