

## Housing price caps? Idea has limits: Experts

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PRICE caps on private homes might make housing more affordable in Singapore, but will not be entirely practical, say property experts, economists and an MP.

They were responding to businessman Ho Kwon Ping, who suggested in a lecture on Wednesday that the Housing Board redefine its role by introducing sales price caps on home units, and auctioning out land to private developers. This would render all housing developments private.

The S R Nathan Fellow and executive chairman of hospitality group Banyan Tree Holdings argued that this would ensure that home prices, pegged to income growth, stay within reach of Singaporeans. It would also erode the social divide between public and private housing.

But some are not convinced that his idea would work, citing quality control and resale market fluctuations as obstacles.

"Private developers have to improve their profit margins. With price caps, they might cut corners," said Mr Ku Swee Yong, chief executive of real estate agency Century 21.

Assistant Professor of Economics Walter Theseira at Nanyang Technological University agreed: "It will inevitably need strong intervention by the Government."

SLP International Property Consultants research head Nicholas Mak pointed out that such price caps might even lead to a demand and supply imbalance.

"HDB will need to look into a crystal ball to arrive at a price cap," he said, explaining that resale prices might fluctuate between a land auction and a property launch, affecting demand for the newly built homes.

"If the cap is too high, the developer may end up stuck with too many flats. If it's too low, people will be scrambling to buy underpriced flats," said Mr Mak.

Mr Liang Eng Hwa, deputy chairman of the Government Parliamentary Committee for National Development and an MP for Holland-Bukit Timah GRC, said it is debatable that price caps will guarantee affordability.

"What you do not want is for HDB to constantly second guess the price levels at which developers will come in," said Mr Liang, adding that HDB's current approach of pegging Build-To-Order (BTO) flat prices to the incomes of low- to middle-income households has its merits.

Many also felt that removing the distinction between public and private housing would be tough. Noted Prof Theseira: "We're a status-conscious society. People who want to distinguish themselves will still look for more expensive homes."

Some, however, saw potential in Mr Ho's proposal.

Said National University of Singapore economist Tilak Abeysinghe: "Price caps are workable. They could help control price bubbles that are driven by sentiments."

On the issue of quality control, Mr Donald Han, managing director of real estate consultancy Chestertons, said that it could be solved by creating a list of HDB-approved developers.

Mr Alan Cheong, senior director of research and consultancy at real estate service Savills Singapore, likened Mr Ho's idea to the tendering of public transport to private operators. Private developers could also create more interesting towns according to market demand, he added.

Agreeing with Mr Ho that the HDB's role has to evolve, Mr Liang nonetheless was quick to stress: "One part of HDB's mission must remain unchanged: to take care of the housing needs of the poor and vulnerable."