

## Leasehold concept in S'pore allows for land to be recycled for future generations, say IPS panellists

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**SINGAPORE - Selling land on limited leases is necessary for a small country like Singapore as it allows for the land to be recycled for future generations, said panellists at the Institute of Policy Studies' Singapore Perspectives conference.**

Discussing the question of who owns a city on Monday (Jan 24), they noted how the Government's policies on land help to achieve redistribution of not just the land but wealth as well.

If "everything is owned by a few people" instead, it would be more difficult for the Government to find land to build affordable housing and provide essential infrastructure, said Professor Cheong Koon Hean, chair of the Singapore University of Technology and Design Lee Kuan Yew Centre for Innovative Cities.

Prof Cheong, who is also chairman for the Ministry of National Development's (MND) Centre for Liveable Cities, added: "In the case of Singapore, we cannot compare to other countries which have lots of land."

The professor, who was deputy secretary at MND from 2001 to 2016 and chief executive of the Housing Board from 2010 to 2020, said rejuvenation is necessary after a period of time. And to this end, certain areas will have to be redeveloped, say, in tandem with economic changes.

Leasehold land allows for this virtuous recycling of land for future generations, as well as economic dynamism, she added.

She noted that besides the 99-year lease on HDB flats, land and property for commercial and industrial uses is typically sold on a 30-year lease.

"The leasehold concept is actually a very important concept, particularly in the case of Singapore. But I would say even in large cities, because a city cannot just sprawl and sprawl forever," said Prof Cheong.

"So if you have a lot of activity in a certain boundary, it needs to rejuvenate, you need to recycle the Brownfield sites," she said, referring to sites that have been previously developed.

Mr Manohar Khatani, senior executive director of CapitaLand Investment, noted that in a land-scarce country like Singapore, policymakers typically have to make difficult trade-offs.

He cited how in the early days of Singapore's industrialisation, when the country was seeking to attract multi-national companies to set up shop here, they were allowed to buy land on 60-year leases as this gave them more predictability.

But as Singapore's economy matured, change happened at a much quicker pace, some of the land occupied by such companies were "no longer being put to good use" and such leases were reduced to 30 years.

He cautioned that a fine balance needs to be struck to ensure scarce land is used well even as Singapore seeks to attract foreign businesses.

During the session moderated by IPS senior research fellow Christopher Gee, both panellists noted that the Government plays the dual role of facilitating economic growth and redistribution.

Prof Cheong said zoning rules and the appropriation policies, such as land acquisition, are forms of redistribution of wealth.

Besides its regulatory function, zoning also ensures that land is set aside to achieve both economic and social goals, ensuring that the price of land needed for parks, hospitals and schools is not pushed up by market forces.

The Land Acquisition Act in Singapore has also allowed the Government to procure land, mostly in the 1960s and 1970s, to build social facilities and infrastructure, such as public housing.

Noting that this is also done in other countries, Prof Cheong said: "In a way, acquisition of land is a form of redistribution of wealth."

Mr Manohar said the Government's role also ensures the price of land is not left fully to market forces, which may cause distortions.

For instance, if the price of industrial land were left to market forces, a lot of important manufacturing activities may be priced out of the market, he said, noting that manufacturing has a tremendous multiplier effect on other aspects of the economy.

"Ultimately, it's not about maximising land price. It is about maximising the economic returns that that land can give us," he added.

His view was shared by Prof Cheong, who said that when there is rapid urbanisation in a small space, such as with Singapore, there is a lot of stress on land, and land prices can increase tremendously.

If market forces, and hence land price, determine how land is used, it can exacerbate inequality and result in a systemic transformation of land ownership to corporates and large developers over the decades, which can affect the "texture of the city", she added.