

HDB deficit rises to S\$2.02b despite cut in supply of flats

Laura Elizabeth Philomin
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Despite a tapering in its supply of new flats, the Housing and Development Board (HDB) posted a higher deficit of more than S\$2 billion this financial year ending March, compared with the previous year.

In its annual report released yesterday, the HDB reported an overall deficit of about S\$2.02 billion in financial year (FY) 2014/2015, compared with S\$1.97 billion in FY2013/2014. This happened despite higher grants being disbursed by the Government — S\$2.17 billion, compared to S\$2.12 billion given last year.

There were a total of 19,814 new flats launched in five Build-To-Order (BTO) sales exercises in FY2014/2015. In the previous financial year, there were 24,531 units on the market.

However, despite the fall in supply, the number of units that are undergoing construction rose from 86,298 to 90,800.

Figures from the report showed that the HDB incurred a deficit of S\$281 million in FY2014/2015 in its residential ancillary functions segment, almost double the S\$157 million in the previous financial year. This segment includes lease administration and management of ancillary facilities such as car parks in housing estates and building resources.

“This was due to higher expenditure on the upgrading of electrical supply to properties, operating fees and initiatives under the HDB Greenprint,” the report said.

Institute of Policy Studies research fellow Christopher Gee noted that spending on residential ancillary functions is part of the HDB’s mandate to build thriving townships. “This is one area I would imagine the deficit or the loss will increase as you start to think about what an ageing population might need. There will be more emphasis on these social facilities,” he said.

Analysts TODAY spoke to were not surprised with the increase in the overall deficit, given the HDB’s mission to keep prices of flats affordable.

Mr Gee thinks the HDB’s deficits could continue to increase as expenditure on things such as housing grants rises. “It’s all part of social spending, if you’re talking about needing to keep public housing affordable. At the same time, the value of land is not diminishing and the cost of construction also continues to rise,” he added.

The HDB has also been giving out more grants, where for example, the number of households benefiting from the enhanced Special CPF Housing grant has more than tripled from 3,380 in FY2013/2014 to 10,213 in FY2014/2015. The report showed that the total deficit for FY14/15 was S\$2.7 billion from “housing” activities, but it was offset by a surplus of S\$679 million, which the HDB received from rental and related businesses, among other things.

Under housing activities, most of the deficit came from the HDB's home ownership programme, which includes the gross loss on the sale of flats, disbursement of CPF housing grants and the expected loss for flats currently under development.