

## HDB chief suggests buyers should pay less for resale flats with shorter leases

**Ravi Philemon**

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[Dr Cheong Koon Hean](#), chief executive of the Housing & Development Board (HDB), suggested that home seekers should pay less for resale flats with shorter lease.

**“The price you pay (for your resale HDB flat) should (be) commensurate with the lease,” she said.**

Speaking at the 2nd of Institute of Policy Studies-Nathan 5th Lecture Series titled, “Anticipating Our Urban Future -Trends, Threats and Transformation”, Dr Cheong called such HDB buying decisions “prudent choice”.

Dr Cheong joined the HDB in 2010 and oversees the development and management of some one million public housing flats in 26 towns and estates. Her comments come at a time when the public has expressed concerns about the 99-year leasehold for HDB flats, likening it to a “ticking time-bomb”.

Professor Chan Heng Chee, the moderator of the lecture series asked Dr Cheong the question of “HDB leasehold” on the behalf of some participants. When Professor Chan said that “people are feeling anxious” about the 99-year-lease of HDB flats, Dr Cheong replied, “understandably”.

Dr Cheong explained to the participants that her role as planner is to guide Singapore into the future – perhaps the next 100 or 200 years. She explained that the 99 year lease was calculated to last 2 generations, and that there are many ways to monetise the HDB flat.

**Dr Cheong added that the 99 year HDB flat lease allows the Government to recycle the land, so that the children of the current home owners will be able to buy a HDB flat at “affordable prices”.**

There was a loud murmur from almost 500 participants at the lecture when the Prof Chan mistakenly suggested that people who buy HDB flats with shorter leases don’t lose money because the “person who buys a shorter lease will pay much less money”. Prof Chan eventually stood corrected.

The following is the transcript of the question and answer on the “HDB leasehold” section in the lecture series.

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**Dr Cheong:** The leasehold question...let me see what was exactly asked.

**Prof Chan:** The right forum...the people are feeling anxious

**Dr Cheong:** Understandably...Let me put it in context, in the light of the lecture, I expect you to ask a question like that, when I talk about leasehold. I want everyone to understand Singapore’s limitations. My interest as an architect planner is to bring Singapore into the future

right? Singapore SG100...SG200. Given that you are small place, how do you ensure that we have facilities and housing for children, our grandchildren going into the future?

So, in a way the leasehold enables us to recover the land loan...so that is the over-arching umbrella that we are thinking about. Now next step, HDB flats are sold at 99 years lease. In fact, HDB flats you get the full 99 years lease, unlike private developers. Did you better know that? If you don't know you better check.

99 years is meant for a home. And is enough for 2 generations. It lasts you for 2 generations. It's a long time. And for most people by the time you live in it – after one generation – in fact they can monetise the home. And there are many ways to monetise today right?

You can sell the larger flat and buy a smaller flat. I build a lot of smaller flats, which a lot of my elderly love. Because now they don't have to maintain such a big home. And with the money, it goes back to CPF...and you buy CPF life. So there are many ways to monetise.

So, if they want to stay in their own home, they can do a lease buy back. I buy back some of the leases. And then they make sure you keep the leases that will last you the lifetime. The length of your life.

Another way of monetisation is people rent out rooms in their homes. And there are people who actually sell off and go and live with their children. Ok some of you may not want to live with your children, you can buy another smaller flat. So there are any ways of monetising within the period of the 99 years.

And you must remember that actually their children will go on to buy an affordable flat from me. Correct? Now how do you make sure they can buy back an affordable flat from me? Eventually you have to recycle the land. You understand? So, I am trying to paint that broader picture. And there are actually quite a lot of ways to continue to monetise. 99 years is a long time.

**Prof Chan:** Can I just ask a tag-on question. How many homeowners live in the same flats throughout their lives? Because surely they would have sold it to somebody else, made some money. Or, bought another apartment. Next person who buys a shorter lease will pay much less money. So it is not like they lose the money....(murmur from the crowd?)...They still pay a lot of money is it?...Now I am stirring the pot.

**Dr Cheong:** There is a mixture. There are a lot who live in their own flats and there are a lot who monetise it. You see Singaporeans move house a lot you know. compared to people in overseas cities. I don't have the statistics here, but I think quite a lot of people do sell and move on to something else.

So the point really is about making prudent choice. Prudent choice is very important. You should buy a flat, as you say it commensurate with the lease. The price you pay should commensurate with the lease. As you should buy a flat that would last you a lifetime. So, these are prudent choices that you probably need to make sure that you are making.

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Dr Cheong will deliver a 3rd lecture on 23 April and details are as follows:

### **Lecture III: “Shaping The Future of Heartland Living”**

**Date:** Monday, 23 April 2018

**Time:** 6.15 pm – 7.45 pm (Registration and Light Refreshments from 5.15 pm)

**Venue:** Auditorium, Shaw Foundation Alumni House

National University of Singapore

[11 Kent Ridge Drive](#)

[Singapore 119244](#)

([Location](#))