

THE STRAITS TIMES

New property cooling measure to tighten HDB loan limits; larger grants for lower-income flat buyers



The changes will be the fourth round of property cooling measures since December 2021. PHOTO: ST FILE



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SINGAPORE - The maximum loan that home buyers can take from the Housing Board to purchase their flats will be tightened from Aug 20, in a move to cool the HDB resale market.

HDB will also provide more financial support for first-time flat buyers in the lower-to-middle income brackets, by increasing the Enhanced CPF Housing Grant (EHG) to up to \$120,000 for families and \$60,000 for singles.

Currently, the EHG gives a maximum of \$80,000 in grants for families and \$40,000 for singles buying their first new or resale flat.

HDB and the Ministry of National Development (MND) announced these changes in a statement late at night on Aug 19, in what will be the fourth round of property cooling measures since December 2021.

The loan-to-value limit for HDB housing loans will be lowered from 80 per cent to 75 per cent. This means that buyers will be allowed to borrow less than before – up to 75 per cent of the flat value compared with 80 per cent before.

This brings the HDB loan limit in line with mortgages granted by financial institutions, which remain unchanged at 75 per cent.

“Given the sustained, strong, broad-based demand for HDB resale flats, these measures will help cool the market and encourage prudent borrowing, thus making housing more affordable for lower-to-middle income first-time home buyers,” said HDB and MND in the statement.



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During his National Day Rally speech on Aug 18, Prime Minister Lawrence Wong had addressed concerns about housing affordability, pointing to efforts by the Government to ramp up flat supply in order to tamp down prices.

He had also announced that the EHG would be raised to help first-time home buyers – especially those from lower-income groups.

HDB resale prices have been rising continuously since the second quarter of 2020, according to official data released in July.

A five-room flat in Margaret Drive was sold for \$1.726 million in July, setting a record for the highest transacted price for a resale flat.

In its statement, the Government said earlier rounds of cooling measures and efforts to ramp up flat supply have helped to moderate the rise in HDB resale prices.

It pointed out that HDB resale prices grew by 4.9 per cent in 2023, down significantly from 10.4 per cent in 2022.

But it also said resale prices continued to rise by more than 4 per cent in the first half of 2024, attributing this to “strong, broad-based demand, coupled with some supply tightness, as fewer flats reached their minimum occupation period this year”.

It is tightening HDB loan-to-value limits in order to “further stabilise the HDB resale market and encourage flat buyers to borrow prudently”.

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The revised loan limit will apply to complete resale applications received by HDB on or after Aug 20, and applications for Build-to-Order flats from the upcoming October launch onwards.

HDB loan limits were last lowered in September 2022 from 85 per cent to 80 per cent, as part of several property cooling measures announced then.

On Aug 19, HDB and MND pointed out that the impact of loan limits on first-time buyers, especially those from lower-income households, will be cushioned as they receive significant housing grants.

For instance, eligible first-time families buying a resale flat could potentially receive up to \$230,000 in housing grants. These include the revised EHG of up to \$120,000, a CPF Housing Grant of up to \$80,000 and a Proximity Housing Grant (PHG) of up to \$30,000.

Meanwhile, eligible singles buying a resale flat for the first time could receive up to \$115,000 in housing grants.

These would include the revised EHG of up to \$60,000, a CPF Housing Grant of up to \$40,000 and a PHG of up to \$15,000.

Depending on monthly household income, the EHG increase will range from \$5,000 to \$40,000 for families, and from \$2,500 to \$20,000 for singles. For instance, families with an average monthly household income of \$1,500 or less will be eligible for the maximum grant of \$120,000.

HDB and MND said home buyers who have received an HDB Flat Eligibility (HFE) letter – which indicates their eligibility to buy a flat and receive grants, as well as financing options – will not need to apply for a new one. The letter will be updated to reflect the new EHG amount.

Eligible first-time buyers whose transaction of a resale HDB flat is pending completion will also automatically receive the additional grant, the authorities said.

More support for first-time home buyers



The Enhanced CPF Housing Grant (EHG) will be raised from up to \$80,000 to **\$120,000** for families, and from up to \$40,000 to **\$60,000** for singles.

EHG provides support for lower-to-middle income households buying new or resale flats as their first home.

For families

Grant		Current	Revised
CPF Housing Grant	2- to 4-room flat	\$80,000	No change
	5-room or larger flat	\$50,000	No change
Enhanced CPF Housing Grant (EHG)		Up to \$80,000	Up to \$120,000
Proximity Housing Grant (PHG)		Up to \$30,000	No change
Total grants for resale flats		Up to \$190,000	Up to \$230,000
Total grants for new flats (EHG)		Up to \$80,000	Up to \$120,000

For singles

Grant		Current	Revised
CPF Housing Grant	2- to 4-room flat	\$40,000	No change
	5-room flat	\$25,000	No change
Enhanced CPF Housing Grant (EHG)		Up to \$40,000	Up to \$60,000
Proximity Housing Grant (PHG)		Up to \$15,000	No change
Total grants for resale flats		Up to \$95,000	Up to \$115,000
Total grants for new flats (EHG)		Up to \$40,000	Up to \$60,000

Sources: MND, HDB

HDB and MND said resale flats remain affordable to most home buyers, citing how eight in 10 first-timer families who bought such flats in 2023 used 25 per cent or less of their monthly household income to service their HDB loans.

It said such buyers were able to service their monthly instalments through their Central Provident Fund, with little or no cash outlay.

“HDB flats that are sold at very high prices make up only a very small minority of total resale transactions,” said the authorities.

They added that the Government remains committed to keeping public housing affordable and accessible to Singaporeans.

“We will continue to monitor the property market closely and adjust policies as necessary to foster a stable and sustainable property market,” said HDB and MND.

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