(A) Home market rises in oblivion to US market woes

URA statistics showed 1,378 new homes were sold last month. The feat was achieved despite the US sub-prime market woes and the sale volume was actually 20% better than the 1,150 new homes sold in June.

A total of 72 new homes with higher than $4,000 psf price tag were sold in July compared with just 16 in June. Another 145 homes were sold for $3,000 psf to $4,000 psf. 755 units were sold within the price range of between $1,000 and $3,000. The rest of the 406 or 30% were in the sub-$1,000 psf range.

The top selling condominium projects last month were The Rochester and Reflections at Keppel Bay where an Islamic fund snapped two tower blocks. The Parc at West coast area, Soleil@Sinaran at Novena area were sold out within 2 weeks of their public launch in mid-August.

According to statistics released by HDB, resale transactions had increased by 38% from 6,258 last quarter to 8,700 this quarter. In total, the first half transactions of resale HDB flats were 14,966.

(B) Government hands out more Housing Grant to more households

The income ceiling for AHG eligibility has been raised from $3,000 to $4,000. This means that about 50% of the households in Singapore would qualify for the scheme. The AHG can be used to buy a new or resale flat.

The grant amount has also been raised from $20,000 to $30,000. The maximum grant of $30,000 is for household whose income is $1,500 or below; and a household with combined gross income of $4,000 will qualify for an additional $5,000 grant under the AHG – over and above the normal CPF Housing Grant of $30,000 or $40,000.

This means that the total grant a person from the lowest income group can receive is $70,000 on condition that at least one of the flat owners must be gainfully employed continuously for a minimum of two years when they apply to buy the flat.

(C) First $60,000 in CPF Ordinary Account earn additional 1%

The Government will now pay 3.5% interest on Ordinary Account (OA) balances and 5% on the Special, Medisave and Retirement Account (SMRA) balances. Currently, the interest on OA balances is 2.5% and SMRA balances is 4%.

The higher rate is applicable to the first $20,000 of a member's OA balance, and the first $60,000 in all his CPF accounts combined. The housing withdrawal rule does not change with the additional 1% increase in CPF interest. But from now on, CPF members will not be allowed to withdrawal this $60,000 for investment in stocks, unit trusts and other investments under the CPF Investment Scheme (CPFIS). The concessionary HDB loan rate of 2.6% remains unchanged.

(D) Buy-back-and-lease scheme for 2-room and 3-room flats

The government will buy back smaller flats from elderly HDB flat owners who are 62 years or older. HDB will buy back the remaining lease period after leaving 30 years intact. The flat owner will be paid a lump sum and then an annuity which is monthly instalments for the remainder of his life.

For example, if a person bought a HDB flat at the age of 30, and when he turns 62 after 32 years, the flat will have 67 years remaining in lease and HDB will ‘buy back’ 37 years, leaving 30 years’ lease intact. Going by the current market price the retiree will get around $50,000. The money will then fund his retirement.

(E) En bloc law to change in early October

The current statute that governs en bloc sale will be made more transparent and fairer for the various stakeholders. Among the proposed changes to take place in early October include:

Sale Committees: Sales committees must be properly formed and elected at an Extraordinary General Meeting. The signing of Collective sales agreements (CSAs) will be witnessed by lawyers who can clarify doubts and explain terms and liabilities.

Majority consent to include area of development : The definition of majority consent has been changed to mean 80% of share value as well as 80% of the areas of the development. Currently majority consent means 80% or 90% of the project's share value, depending on whether it is more than 10 years old or less. In the new rule, the first condition still applies but now a second condition is required which include 80% or 90% of the area of the development, again depending on whether the project is more than 10 years old or less.

Requirement of tender or auction
Every launch for sale must be through a public tender or auction which means that the sale committee cannot call for 'expression of interest' as the majority consent would have to be obtained prior to that.

(F) Development Charge rate rose sharply in September review

The development charge (DC) rates have received the largest rise in decade, raising an average of 58% for non-landed residential land and 42% for commercial uses.

Non-landed residential DC rate for Orchard Road/ Nassim Road / Napier Road / Cairnhill areas has gone up by 54% to $11,900 psm.

Non-landed residential DC rate for Keppel Road area has gone up by 33.33% from $2,100 psm to $2,800 psm in September 2007.

Non-landed residential DC rate for Anson Road area has gone up by 66.66% from $2,940 psm to $4,900 psm.

The reason for the sharp rise in DC rate this time round is due to the substantial appreciation in land values over the past six months. DC rates are adjusted twice yearly in March and September.

Changes already made this year:
- No more Stamp duty deferment – it must be paid within 14 days of real estate contract.
- Additional 2% more on Goods and Services Tax – affecting real estate agent's commission
- Employer's CPF contribution increased to 14.5%; employee's own contribution 20% - total 34.5%
- Development Charge percentage to market value raised from 50% to 70%.