



JOINT MND-HDB PRESS RELEASE

Measures to Cool the HDB Resale Market and Provide More Support for First-Time Home Buyers

- *The Loan-to-Value limit for HDB housing loans will be lowered by 5 percentage points from 80% to 75%*
- *The Enhanced CPF Housing Grant quantum will be increased to improve affordability for lower-to-middle income first-time home buyers*
- *These measures further encourage financial prudence and promote a stable and sustainable market*

MND and HDB announced today a set of measures to cool the HDB resale market, and to provide more support to lower-to-middle income first-time home buyers.

2 With effect from 20 August 2024, 12.00am, the Loan-to-Value (LTV) limit for HDB loans will be lowered from 80% to 75%. This brings the LTV limit for HDB loans in line with loans granted by financial institutions, which remains at 75%.

3 As Prime Minister Lawrence Wong announced in the National Day Rally 2024, the Government will increase the Enhanced CPF Housing Grant (EHG) quantum for both new and resale flats to support first-time home buyers. The EHG will be increased:

- a) By up to \$40,000 for eligible first-timer families, from the current maximum grant amount of \$80,000 to \$120,000; and
- b) By up to \$20,000 for eligible first-timer singles, from the current maximum grant amount of \$40,000 to \$60,000.

4 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.

Lowering of LTV Limit for HDB Housing Loans

5 The Government closely monitors the HDB resale market. Earlier rounds of cooling measures and the ramped-up Build-To-Order (BTO) flat supply have helped to moderate the increase of HDB resale prices. HDB resale prices grew by 4.9% in 2023, down significantly from 10.4% in 2022. However, resale prices still rose by more than 4% in the first half of 2024. This was driven by strong, broad-based demand, coupled with some supply tightness, as fewer flats reached their Minimum Occupation Period this year.

6 To further stabilise the HDB resale market and encourage flat buyers to borrow prudently, the LTV limit for HDB housing loans will be lowered by 5 percentage points from 80% to 75%. The revised HDB LTV limit will apply to complete resale applications¹ that are received by HDB on or after 20 August 2024, as well as BTO applications for the October 2024 BTO exercise onwards. The LTV limit for loans granted by financial institutions remains unchanged at 75%.

7 First-time home buyers, especially lower-income households, will be less affected by the lower LTV limit, as they receive significant housing grants. To provide further support to lower-to-middle income first-time home buyers, we will also enhance the EHG.

¹ A complete application is one where HDB has received both sellers' and buyers' portions of the resale application.

Increase in Enhanced CPF Housing Grant for First-timers Buying New and Resale Flats

8 Introduced in September 2019, the EHG² is a means-tested grant that provides additional support for lower-to-middle income households buying new or resale flats as their first home. Currently, eligible first-timer families and singles buying a flat can receive up to \$80,000 and \$40,000 in EHG, respectively. The EHG amount is tiered based on household income, with no restrictions on flat type and location. The EHG is progressive, so that lower-income households receive more support for their home ownership aspirations.

9 Since its introduction, about 72,300 first-timer households have benefitted from EHG, amounting to more than \$2 billion. In the first six months of 2024, about \$204 million in EHG was disbursed to around 7,000 first-timer households. Of the 72,300 first-timer households who received the EHG so far, 4 in 10 bought resale flats while the remaining 6 in 10 bought a flat from HDB across the various sales modes (i.e., BTO, Sale of Balance Flats and open booking of flats).

10 To further support first-time home buyers, the maximum quantum of EHG grants will be increased to \$120,000 for families, and \$60,000 for singles. Depending on the monthly household income, the increase will range from \$5,000 to \$40,000 for families and from \$2,500 to \$20,000 for singles, with higher increases for lower-income households who require more support. See Annex A for the details.

11 With the revised EHG, plus the existing CPF Housing Grant and Proximity Housing Grant (PHG), first-time home buyers will receive greater help in their flat purchases.

² The EHG replaced the Additional CPF Housing Grant (AHG) and the Special CPF Housing Grant (SHG).

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- New Flats
Eligible first-timer families who buy a new flat will receive up to \$120,000 in EHG, on top of the significant market discount in the flat price, while singles will receive up to \$60,000 in EHG.
- Resale Flats
Eligible first-timer families who buy a resale flat will receive up to \$230,000 in housing grants, comprising the revised EHG of up to \$120,000, a CPF Housing Grant of up to \$80,000 and a PHG of up to \$30,000.

For eligible first-timer singles who buy a resale flat, they can receive up to \$115,000 in housing grants comprising 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.

The details are shown in Tables 1 and 2.

Table 1: Housing Grants for Eligible First-Timer Families

Grant		Current	Revised
CPF Housing Grant	2- to 4-room flat	\$80,000 <i>(last increased in Feb 2023)</i>	No change
	5-room or larger flat	\$50,000 <i>(last increased in Feb 2023)</i>	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

Table 2: Housing Grants for Eligible First-Timer Singles

Grant		Current	Revised
CPF Housing Grant	2- to 4-room flat	\$40,000 <i>(last increased in Feb 2023)</i>	No change
	5-room flat	\$25,000 <i>(last increased in Feb 2023)</i>	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

12 The revised EHG will apply to eligible first-timer households who:

a) Apply for a new flat from the October 2024 BTO exercise onwards

- For those who have an HDB Flat Eligibility (HFE) letter but have yet to apply for a flat in a sales exercise, HDB will update their HFE letter via the HDB Flat Portal to reflect the revised EHG amount and will notify them individually by email³. Applicants do not need to re-submit their HFE applications.
- The revised EHG will not apply retrospectively to flat applications made for BTO or Sale of Balance Flats exercises or open booking of flats that have already been launched, i.e. the last exercise in June 2024 and earlier.

³ For those who have applied in an earlier sales exercise and their HFE letter is still valid for the October 2024 BTO exercise onwards, HDB will update their HFE letter via the HDB Flat Portal to show the EHG amounts which apply to the respective sales exercise.

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b) Submit a resale flat application on or after 20 August 2024

- Eligible first-timers whose resale transaction is pending completion will receive the revised additional grant. The amount will be credited into their CPF accounts within two months from the date of their resale completion. They do not need to approach HDB; nor will the completion of their resale transaction be affected.
- For those who have an HFE letter but have not yet submitted a resale application, HDB will update their HFE letter via the HDB Flat Portal to reflect the revised EHG amount and will notify them individually by email.

c) Apply for an HFE letter on or after 20 August 2024

- Eligible first-timers without an HFE letter who apply for the HFE letter on or after 20 August 2024 will enjoy the revised EHG amount.
- For eligible first-timers who have already submitted their HFE letter applications prior to 20 August 2024, HDB will extend the revised EHG amount to them when issuing them an HFE letter. They do not need to apply for a fresh HFE letter.

Providing Affordable & Accessible Public Housing

13 In the upcoming October 2024 BTO exercise, HDB will offer 8,500 flats across 15 projects under the new flat classification, with additional subsidies for Plus and Prime flats. These flats include a wide range of affordable housing options for buyers with different budgets and needs. With the planned supply of about 19,600 BTO flats in 2024, we are on track to offer 100,000 flats from 2021 to 2025.

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14 Resale flats remain affordable for the vast majority of home buyers. 8 in 10 first-timer families who collected the keys to their resale flats in 2023 used 25% or less of their monthly household income to service their HDB housing loan. This means they can service their monthly loan instalments with their monthly CPF contributions, with little to no cash outlay. HDB flats that are sold at very high prices make up only a very small minority of total resale transactions.

15 The Government remains committed to keep public housing affordable and accessible for Singaporeans. We will continue to monitor the property market closely and adjust policies as necessary to foster a stable and sustainable property market.

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