

Protect the Interests of First-Time Home Buyers

The Straits Times Forum Online Story (September 30, 2009)

I APPLAUD Miss Tan Hui Yee's commentary yesterday, "Go back to basics for affordable flats".

An HDB flat is more than just an asset; to many Singaporeans, especially first-time buyers, flats are their humble abode, their place of security. The convenient call to lower expectations cannot hold if the yardstick for affordability varies between the authorities and buyers.

The steady rise in the standard of living has led to a general increase in household incomes; however, the trend has been balanced out by a corresponding rise in the cost of living.

The recession and higher prices have led to home-seekers being unable to purchase flats, because a home loan would place an additional financial burden on them.

For speculators and investors, public housing has turned into a money-spinning tool – be it in terms of rental or investment. If the authorities sustain or even increase the value of public housing, demand and prices would continue to spiral upwards. Home prices in Singapore have soared in recent months, with transactions hitting record monthly highs. This could lead to a real estate bubble and buyers paying extremely inflated prices for their first homes.

The mentality of home owners to go all out to rake in huge profits should be addressed, and controlled. Remember, public housing was predicated on the belief that every Singaporean deserves an affordable and safe shelter over his head. It is not a monetary tool to be exploited by hungry pragmatists and investors.

Ultimately, the authorities should safeguard the interests of first-time buyers. The predominance of public housing in Singapore underlines the urgency and need for the authorities to introduce measures to strike an equilibrium between helping first-time home buyers and sustaining home values in the long run.

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