THE POLITICS OF HOUSING 18.06.2018 | Adrienne Woltersdorf

A bold approach to public housing

Western nations could learn a thing or two from Singapore's public housing model. But can it really be replicated abroad?

Read this article in German or Russian.

There are no homeless people in Singapore – no slums, no 'cage homes' or micro living units in tiny apartments. There is simply no sign of them.

Only Singapore's seniors remember the concrete canyons where clothes lines outside the windows of overcrowded flats almost blocked out the sky.

By pursuing an unorthodox public housing policy, the island state in southeast Asia has succeeded in steering clear of the planning obstacles that have left most inhabitants of the continent's megacities grunting and gasping for air.

Even by global standards, the outcome of this policy has been impressive. Three-quarters of all residences in Singapore, which has a population of 5.6 million, have been built by the country's public housing authority, Housing & Development Board (HDB), and financed by deposits into the state's pension fund. Ninety per cent of Singaporeans own their home, a rate that puts the country ahead of the leading market economies.

Things were very different just a couple of decades ago. Having gained its independence from Great Britain in 1959, the port city suffered a terrible housing crisis during the 1960s. The devastation caused by the Japanese occupation during the Second World War, the British administration's feet-dragging on housing construction and a high birth rate combined to create a desperate housing shortage that especially affected the country's poor residents.

Thinking ahead

The People's Action Party (PAP), still in power today, scored its first election victory in 1959 by promising to fix the crippling crisis. By 1965, the newly founded HDB had built almost 55,000 affordable flats for families from socially deprived backgrounds.

The then government already foresaw the current densification of the city, as Singapore is an island that possesses only limited hinterland. The city's urban planners never considered building row after row of residential settlements, stretching to the horizon in every direction. Instead, they focused on building upwards and on affordable rents. Affordable purchase prices became another attention area soon afterwards.

To ensure full financing control, the Singapore government systematically bought up land. The construction process also remained under state supervision. Today, the government owns 90 per cent of Singapore's land, and it awards construction contracts for entire urban districts to private construction companies whose only client is the state.

During the 1990s, when the first public housing projects or 'HDBs', were getting long in the tooth, the government learned how to carry out cost-effective maintenance and repair work.

Singapore's model is held together by a highly efficient administration, complex financial models and effective land management.

Singapore's most remarkable achievement is to have created an attractive property market for the general public under the auspices of the state. Families have been able to sell their HDB flats at controlled but attractive market prices at a profit since the 1990s. They typically acquired these apartments through a lease purchase, based on contributions they had made to their pension fund, or through low-interest government loans.

Singapore's housing construction policy has undergone numerous adjustments and improvements over the years. The government has adapted its standard construction model to the growing prosperity of the port metropolis. From simple but neat rental flats to designer apartments and 'executive condominiums' for deep-pocketed residents, HDB has something for everyone.

Price controls mean that contractors must meet numerous and complex regulations. 'Too many clauses,' some have said. Others have praised the

transparency of the public housing authority, which publishes all conceivable information and price tables on its website, including the price paid for painting work per square metre.

The core principle underlying the country's public housing policy has remained unchanged. The state controls both urban development and Singapore's municipal area. Through the HDB, citizens receive subsidised rented premises or residential property in one of 23 intelligently designed, self-contained towns. Housing is a form of redistribution in the otherwise capitalist trade empire of the ruling PAP party, which keeps a tight rein on the country.

Not your grandfather's public housing

This model is held together by a highly efficient administration, complex financial models and effective land management. This strategy has proved similarly succesful for Singapore's construction of industrial and commercial properties.

So is there something we can learn from the Singapore model? Abhas Jha, who oversees one of the World Bank's largest infrastructure portfolios, used to have his doubts.

When the World Bank economist worked on housing construction in Latin America, one consistent piece of advice he used to give his clients was that it is not a good idea for governments to build and provide housing themselves. 'Instead ... we should enable housing markets to work,' Jha wrote in a recent blog post. 'Our clients would always respond by saying, "But what about Singapore?" And we would say the Singapore case is ... non-replicable.'

Some Singaporean voters, however, have started grumbling in view of the rapidly rising cost of living. And the PAP administration holds some satellite towns closer to its bosom than others.

Jha has now lived in Singapore for more than two years himself and has come to see things differently. Today, he argues that the world can learn a thing or two from Singapore. The takeaway for other countries involves the following propositions:

In addition to their exemplary urban density, which also promotes sustainability, it is the village-like planning of the Singaporean HDBs that makes them so liveable. They bear little resemblance to the concrete

blocks and decrepit playgrounds that public housing is often associated with. Singapore's housing developments have names that sound like English country houses ('The Lakeside Estates') and are surrounded by parks and green open spaces with well-maintained sports facilities.

Every new satellite town is a fully functional city in its own right, with easy access to local public transport, commensurate kindergarten and school places in first-class facilities, care centres for senior citizens and youth centres. Every floor of the high-rises additionally offers enough terrace space for residents to meet and interact with each other.

As soon as the HDB has completed a new neighbourhood, it is handed over to a town council to be governed locally. This allows housing to be allocated on an inclusive and balanced basis, with consideration given to both socially deprived and middle-class families.

Nor is the ethnic mix of the quarters left to chance. Families of different ethnicities are given flats in each block based on the percentage that their ethnicity accounts for in Singapore's population. In this way, Singapore tries to prevent the creation of mono-ethnic neighbourhoods and stave off cultural tensions in the multi-ethnic state.

Trouble on the horizon

Jha additionally lists the clearly communicated role of the government as a precondition for a successful public housing policy. 'The popular and political support for public housing construction in Singapore is strong and stable. And this has meant a high level of public subsidies to HDB,' he writes. This amounted to around 1.19 billion Singapore dollars in 2017 alone. In other words, Singapore runs an expensive programme. But this delivers reliable dividends according to experts – satisfied residents.

Some Singaporean voters, however, have started grumbling in view of the rapidly rising cost of living. And the PAP administration holds some satellite towns closer to its bosom than others. Critics from the opposition Workers' Party have repeatedly pointed out that HDBs in districts in which the governing party was defeated by its opponents are being renovated at a significantly lower pace than in government strongholds.

And Singapore's planners have major challenges to overcome in the next few decades. As in many Western industrialised societies, the city state will soon be confronted with an ageing population. The Singaporean parliament has already started to debate what this will mean for the country's building policy.

Singaporeans traditionally sell their flats and downgrade to a smaller apartment when they grow old so they can finance their retirement. The state pays out only as much of a pension as a citizen has paid in. Social policy experts fear that this could trigger a financial crisis in the island's controlled property market when millions of pensioners flood that market with their flats and are unable to find buyers.



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