

5 January 2022

URA seeks public feedback on proposed amendments to the Housing Developers Rules

The Urban Redevelopment Authority (URA) is seeking public feedback on key proposed amendments to the Housing Developers Rules (HDR). The key proposed amendments require developers to provide more information to home buyers to help them make better informed decisions, and enhance the protection for buyers of uncompleted private residential properties.

The purpose of the HDR is to protect home buyers' interests by imposing on developers requirements and standard contracts for the sale of uncompleted private residential properties.

To ensure the HDR remain relevant and effective in protecting home buyers' interests, we have reviewed the regulations and are conducting a public consultation to seek feedback on the key proposed amendments.

More information to be provided to home buyers by developers

To help home buyers make better informed decisions, URA is proposing for developers to provide more accurate and detailed information on their housing projects. These include the track records of the developers, storey layout plans of the project, and information on ground rent payable and identity of the landowners. In addition, developers will be required to obtain the relevant authorities' prior approval for the features of a housing project shown in advertisements, mark out void areas in unit floor plans and provide scaled floor plans for landed properties.

Terms in Sale and Purchase Agreement to be amended to enhance protection for home buyers

To enhance protection of home buyers, URA is proposing amendments to the terms in the standard Sale and Purchase Agreement (S&PA). For example, the tolerance level for any shortfall in the area of an actual unit for which developers are required to compensate home buyers will be reduced. Developers will be required to refund home buyers for additional cost items, such as interest paid on loans, loan cancellation charges and legal fees paid, in the event the S&PA is annulled. Home buyers can also expect developers to deliver the facilities and units as committed on the plans as developers will have to build them according to the unit floor plan and site plan provided to home buyers, in addition to the approved building plan today. The 12-month defects liability period and home buyer's obligation to pay the maintenance charges will also commence closer to the date when home buyers take possession of their properties.

Please refer to Annex A for the details of the proposed key amendments.

Online Public Consultation

We encourage all interested members of the public to submit their feedback online at go.gov.sg/hdr-consult from now until 5 February 2022. URA will take the feedback into consideration before finalising the amendments to the HDR.

- END -

This press release is also available at URA-Online at <http://www.ura.gov.sg/>

For media queries, please contact:

Galen Lim
Executive Manager, Media Relations
DID: 6321 8137
Email: galen_lim@ura.gov.sg

Annex A

Proposed amendments to the Housing Developers Rules (HDR)

Below are the key proposed amendments to the HDR we are seeking feedback on:

Information shown in advertisements

- 1) Developers may sometimes include features such as vehicle pick-up/drop-off point, landscaping, and water features in the advertisements for their housing projects. To assure home buyers that the features shown in advertisements will be built in the actual development, developers must obtain prior approval from the relevant agencies for these features before including them in the advertisements.
- 2) For developments for which Temporary Occupation Permit (TOP) or Certificate of Statutory Completion (CSC) have been obtained, developers will be required to state the TOP or CSC date in the advertisements. The stipulation of the TOP or CSC date will allow home buyers to know when they can move into the units once they have settled payments due.
- 3) Developers will no longer be required to include information on land encumbrance (e.g. Mortgage in favour of XYZ Bank) in the advertisements, as such detailed information is typically not pertinent to prospective home buyers at the point when they are looking at the advertisements. Information on land encumbrances, if any, is set out in the Option to Purchase.

Provision of more information to home buyers on housing project and developer's track record before accepting booking fee

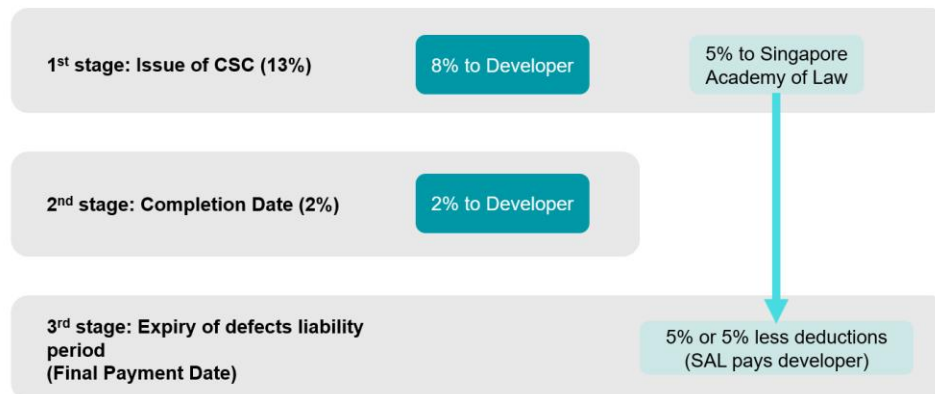
- 4) To help home buyers make better informed decisions, developers will have to provide more information on their track record and past projects. Developers will be required to provide their Construction Quality Assessment System and Quality Mark (<https://www1.bca.gov.sg/buildsg/quality>) scores, as well as Green Mark (<https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>) certification for their completed projects in the past five years.
- 5) Developers will be required to provide more details in the plans given to home buyers. These include additional information on the location of key communal facilities in the site plan and storey plan. Developers will have to provide more detailed information in the unit floor plans (e.g. mark out void areas in the unit, explain abbreviations used in floor plan, etc.) for home buyers' reference. For landed properties, developers will be required to provide a scaled floor plan showing each storey of the landed property based on the approved building plan, in addition to the current requirement to provide a plan showing the land area.

Inclusion of information on ground rent and reversionary owner

- 6) Some developers sell properties on freehold or 999 years leasehold land that belongs to a landowner (also known as the reversionary owner) to home buyers with a shorter tenure (e.g. 99 years). The landowner has the legal right to charge home buyers ground rent. In such cases, the developers will be required to provide information on the identity of the landowner (e.g. XXX Holdings Limited) and the ground rent payable, if any (e.g. \$4,000 per year), in the Option to Purchase and Sale and Purchase Agreement, in addition to the information on land tenure.

Simplified payment schedule

- 7) In the current payment schedule, the timing for the payment of the final 15% of the purchase price can vary depending on whether the Certificate of Statutory Completion (CSC) or Completion Date (i.e. completion of the sale and purchase) occurs first. The process will be simplified such that home buyers will only need to follow one sequence flow for the payment schedule, i.e. to first make payment due at CSC stage (i.e. 8% to developers and 5% to be held by Singapore Academy of Law), followed by the final payment (of 2%) to the developers when the Completion Date payment notice is served after CSC (see diagram below).



Proposed simplified payment schedule for final 15% payment of the purchase price.

Later commencement of Defects Liability Period (DLP) and home buyer's liability for maintenance charges

- 8) Under the current Sale and Purchase Agreement, the 1-year DLP will commence after the 15th day after receipt of the notice of TOP payment or the actual date the unit is delivered to the home buyer, whichever is the earlier. The home buyer's liability for maintenance charges will commence on the 15th day after receipt of the notice of TOP payment or the actual date the unit is delivered to the home buyer, whichever is the earlier. The revised DLP and home buyer's

liability for maintenance charges will commence later on the 35th day after receipt of the notice of TOP payment, or the actual date the unit is delivered to the home buyer, whichever is the earlier. The 35th day takes into account the 14 days for home buyers to make payment for the instalment due at TOP stage and the 21 days for developers to deliver vacant possession of the unit upon receipt of payment from the home buyer.

Reduce threshold for claims for shortfall in area

- 9) Developers are currently required to compensate home buyers when the actual area in the unit falls short of the area stated in the Sale and Purchase Agreement by more than 3%. With the advancement in building/construction technology, the accuracy and standard of construction has improved over the years. In line with this advancement, the level of tolerance for shortfall in the area of the unit will be reduced to 2%.

Safeguard home buyers' interests in relation to changes to approved plans

- 10) In addition to the approved building plans, developers are required to build in accordance with the scaled unit floor plan and site plan provided to home buyers before the acceptance of booking fee.

If the developer wishes to make any change to the unit floor plan or any substantive change to the site plan for the common facilities, the developer will have to seek consent from the home buyers, unless the changes are needed to comply with new requirements issued by the relevant authorities after the Option to Purchase issue date.

Enhanced refund coverage in annulment

- 11) Currently, in the event that a Sale and Purchase Agreement is annulled, developers are required to refund all instalment payments and any stamp duty paid by the home buyer. However, home buyers may incur other costs when they purchase a property. Hence, developers will also be required to refund interest paid on loans, loan cancellation charges and legal fees paid by home buyer, subject to a cap of 15% of the purchase price.