Annex A

Details of Assistance Measure for the Property Market

(a) Allowing one-year extension of project completion period

1. The PCP of Government residential sale sites and private residential sites developed by Qualifying Certificate (QC) holders are currently specified as six years for most sites. Developers of Government residential sale sites are allowed to apply for an extension of the PCP subject to payment of an extension premium.[1] This is to ensure that developments on Government residential sale sites are completed within a reasonable period after the land sale. The PCP for private residential projects undertaken by QC holders can also be extended subject to approval by the Controller of Residential Property in the Singapore Land Authority (SLA).

2. To give developers more flexibility to stage the construction and sale of their developments in accordance with market conditions, developers of uncompleted Government residential sale sites awarded before 22 January 2009 will be allowed to apply for a one-year extension of the PCP without having to pay an extension premium. This measure is applicable to all awarded Government residential sale sites if none of the residential units in the project has been sold. In the case of Government residential sale sites with some sold units, the PCP will only be allowed to be extended up to the date of delivery of vacant possession of the sold units as stipulated in the Sales & Purchase Agreement signed by the developer and the purchasers.

3. Similarly, QC holders as of 22 January 2009 undertaking existing private residential projects will be allowed to apply for a one-year extension of the PCP or up to the date of delivery of vacant possession, whichever is earlier.

4. All applications for the extension of PCPs are to be made to the relevant Government agencies by 21 January 2010.

(b) Allowing re-assignment of Government sale sites and private land owned by foreign developers

5. Currently, a successful tenderer of a Government sale site is required to retain a controlling interest of more than 50 per cent in the development. He is also not allowed to dispose of the land without developing it. QC holders are similarly not allowed to dispose of the private land or change the shareholding of the company without the prior written approval from the Controller of Residential Property. These restrictions are to ensure that such developers purchase the land for development and not for speculative trading.

6. However, under the prevailing economic conditions, there may be successful tenderers of Government sale sites or QC holders who may choose to re-assign their projects to another company. The Government will allow them to do so provided the transaction is not of a speculative nature. Re-assignment of Government sale sites awarded not on the basis of land price alone will generally not be allowed.

7. Specifically, the successful tenderers of Government sale sites awarded before 22 January 2009 will be allowed to re-assign their sites through:

a) The disposal of the land, or

b) The disposal by the controlling shareholder of all his interest in the company.

8. The purchaser will have to take over from the successful tenderer all the obligations under the tender conditions or building / development agreement. Only one re-assignment will be allowed for each site and the purchaser taking over the land will not be allowed to further re-assign the land.

9 For private land owned by QC holders as of 22 January 2009, they will similarly be allowed to re-assign the land through:

a) The disposal of the land, or

b) The disposal of all the shareholders' shares in the QC holder.

There will also be no further re-assignment.

10. All applications for re-assignment of Government sale sites are to be made to the relevant Government land sale agents. Applications by QC holders for the re-assignment of private land are to be made to the Controller of Residential Property, SLA. All applications are to be made by 21 January 2010.

<u>(c) Giving QC holders up to four years (from date of issue of TOP) to dispose of all private residential units in the development</u>

11. Currently, foreign housing developers are required to seek approval and obtain QCs from the Controller of Residential Property before they can acquire and develop land for residential use. One of the conditions stipulated under the QC is that the developer is required to dispose of all residential units in the project within two years from the date of the issue of the TOP.

12. However, in view of the weak residential property market, developers can now apply to the Controller of Residential Property for an extension of the disposal period from two years to four years from the date of issue of TOP. This is to allow developers more time to dispose of these residential units. This measure will be extended to (i) all existing residential property developments which have been issued TOP and their disposal period have yet to expire as of 22 January 2009; and (ii) new developments which would be issued TOP between 22 January 2009 to 21 January 2010.

<u>(d) Allowing QC holders to rent out unsold private residential units for a maximum of four years (from date of issue of TOP or the date of application, whichever is later)</u>

13. Currently, foreign housing developers are required under the QC to dispose of all residential units in their projects and are not allowed to rent out any unsold units.

14. To provide developers with greater flexibility in managing the unsold units in their projects and to minimise their costs of holding on to these units, developers can now seek approval from the Controller of Residential Property to rent out such unsold units for up to four years. This four-year period will commence from the project's TOP date (for projects which have yet to be issued TOP), or from the date of application (for projects which have already obtained TOP).

<u>(e) Allowing up to two years of property tax deferral for land approved for development</u>

15. To provide cash flow relief to developers to help them ride out the downturn, the Government will defer property tax on land approved for development for all property types (not just residential, but also commercial, industrial and other properties) for up to two years. For the purpose of this property tax deferral, land sites approved for development are defined as land sites with a valid Provisional Permission (PP) or Written Permission (WP) from URA. The property tax deferral will take effect immediately from Budget Day, or from the date of PP/WP, whichever is later. It will lapse on:

a. 21 January 2011,
b. Upon TOP,
c. Upon lapsing of PP/WP (i.e. if PP/WP is not renewed), or
d. Transfer of legal ownership of the land, whichever is earliest.

[1]The extension premium is calculated based on a schedule of rates, which is eight per cent (of tendered land price) for the first year of extension, 16 per cent for the second year of extension and 24 per cent for the third and subsequent years. However, developers who have justifiable technical reasons can request for extension of PCP and these requests if approved by the Government, will be free of payment.