

Business Times - 03 Apr 2012

Curbs on backdoor buys of landed homes

Foreigners affected as URA won't allow strata landed homes on condo projects

By KALPANA RASHIWALA

(SINGAPORE) Starting today, Urban Redevelopment Authority (URA) will no longer allow strata landed homes to be built in projects with 'condominium' status.

Market watchers say that this will effectively close an avenue which has allowed foreigners to buy strata landed homes within such projects without having to seek permission from the Singapore Land Authority's Land Dealings (Approval) Unit.

However, foreigners can continue to buy such strata landed homes in existing condos and in condo projects that have yet to be built but already approved by URA.

In a circular issued yesterday evening, URA said it has observed that 'in recent years, there has been an increase in the number of condominium proposals comprising a mix of strata landed and apartment units within the same development'.

Analysts list D'Leedon in the Farrer Road area, Thomson Grand, euHabitat at Jalan Eunos, Archipelago facing Bedok Reservoir Park and Woodhaven in Woodlands, among the projects with 'condo' status containing strata landed homes. Developers have taken to including some strata landed homes within their condo projects to cater to the strong demand for such landed homes from foreign buyers, who don't need LDAU's permission to buy them.

In contrast, foreigners wishing to buy any other type of landed homes, including units in a pure strata landed housing development, need LDAU's approval. They have to fulfil certain criteria before LDAU will give the nod, including being a Singapore permanent resident and making significant economic contribution to Singapore. However, under a further tightening in approval criteria last year, approvals to PRs to buy landed homes is expected to fall.

Sentosa Cove is the only place in Singapore where even non-Singapore PR foreigners may purchase a landed home, although still subject to obtaining LDAU approval.

Foreigners have increasingly taken to buying strata landed homes in projects with 'condominium' status.

A URA spokesperson said that for the whole of 2011, 97 strata landed housing units in condominiums were sold by developers, of which about 90 per cent were bought by foreigners (including PRs).

For the whole of 2010, 16 strata landed housing units in condominiums were sold by developers, of which about 60 per cent were bought by foreigners (including PRs).

In its circular yesterday, URA noted: 'Strata landed housing is essentially a form of landed housing except for its strata title arrangement. Hence, developments comprising only strata landed housing are not accorded condominium status. URA clarified this through a professional circular in October 1994.

'To align with the treatment of strata landed housing developments announced in 1994, we will no longer accord condominium status to developments comprising a mix of strata landed and apartments units. Only residential developments comprising purely apartment units and complying with the condominium guidelines will continue to be approved as condominiums.'

The new guidelines will take effect today. 'Only formal development applications (excluding Outline Applications) submitted prior to 03 Apr 2012 which have already been granted Provisional Permission

or which will result in a Provisional Permission will continue to be evaluated under the old guidelines.'

Development applications submitted prior to April 3 resulting in an advice or refusal of written permission will be evaluated based on the new guidelines upon submission after the advice or refusal, URA added.

Credo Real Estate managing director Karamjit Singh noted that 'developers have been using the current guidelines as a clever way to market their strata landed properties to foreigners because a development scheme comprising strata landed homes within a project approved as 'condominium' is open to foreign buying'. 'With the latest change, URA guidelines are aligned with the general intention to safeguard landed properties for locals,' he added.

Knight Frank chairman Tan Tiong Cheng questioned the rationale behind URA's rule change to disallow strata landed units in projects with condo status. 'All the different unit types currently in projects with condo status, including strata landed units, share common facilities and make contributions for the maintenance of the shared facilities and common areas.

'Such units legally, are not the same as landed homes. You can't tear down and rebuild your unit, expand it by one square inch or change the facade or roof or appearance.'

Copyright © 2010 Singapore Press Holdings Ltd. All rights reserved.