

How Should Singapore Improve Spatial Diversity and Equity in the City Centre?

At just over 700 square kilometres, Singapore is one of the smallest and most land-scarce countries in the world. With perennial land constraints, foresight and careful planning are critical to achieve an optimal balance between competing demands.

Singapore's Concept Plan provides broad strategic guidance on land use over a 40 to 50 year period, while the Master Plan sets out more specific and granular land-use plans over the next 10 to 15 years. These blueprints are a hallmark of Singapore's urban planning framework. They are developed by the Urban Redevelopment Authority (URA), Singapore's urban and land-use planning agency, in consultation with other government agencies and private stakeholders, experts and citizens.

In November 2013, the URA released its Draft Master Plan (DMP) 2013. The DMP earmarked a new district, Marina South, for development into a high density, mixed-use residential area. Marina South lies within Singapore's Central Area, which can be considered Singapore's city core. It covers approximately 1,650 hectares and 11 planning areas (see [Figure 1](#)).¹ This is in line with the Ministry of National Development's promise to "provide more housing in and around the Central Region to enable more Singaporeans to live nearer their workplaces."²

Figure 1: Singapore's Central Area (left) and Proposed Mixed-Use Residential Area in Marina South (right) under the Draft Master Plan 2013



Source: URA

¹ Orchard, Museum, Rochor, Singapore River, River Valley, Newton, Outram, Downtown Core, Marina South, Marina East and Straits View.

² Ministry of National Development, "A High Quality Living Environment for All Singaporeans: Land Use Plan to Support Singapore's Future Population" January 2013, accessed 12 Feb 2014.

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URA’s vision of a mixed-use residential and commercial city centre emphasises diversity: vibrant communities for people to work, live and relax. The proposal to introduce mixed-use residential and business districts stands in contrast with the sterile business districts of the past, which were populated largely by transient tourists and office employees, and resembled ghost towns in the evenings and weekends.

According to the DMP, URA’s vision for Marina South comprises 9,000 residences in an environment that is green, walkable and cycle-friendly, a fenceless, convivial community with shared public spaces, and landscaped walkways where residents can interact and hopefully build close-knit communities. Shops and services will also be located along the streets to promote eye-level vibrancy, instead of being clustered into multi-storey shopping malls.

While Singapore’s Master Plans specify which land parcels have been zoned for residential or mixed-use development, they do not provide specific guidance on the *type* of residential housing that will be built. These decisions are typically made at a whole-of-government level, after considering the developmental priorities and trade-offs. Currently, about 80 percent of Singapore’s resident households live in public housing apartments – built and sold at market subsidies by the Housing and Development Board (HDB), a government agency. Will building new public housing in the Central Area allow some of these households to benefit from URA’s exciting vision of having “the city as your living room and playground”, or will it only be available to those who can afford the costly admission ticket of a private apartment in the Central Area?

Some have suggested that building new subsidised public housing in the Central Area would enhance its diversity and vibrancy, improve social mobility, as well as promote long-term social cohesion by reducing socioeconomic segregation. Others oppose such suggestions as pointlessly symbolic and economically unsound – an unnecessary market distortion that creates large windfall gains for the lucky few. How important is it for urban planning to encourage and maintain socioeconomic diversity and mixed-income communities in the Central Area? Is public housing necessary to achieve this goal, and if so, how should this be best implemented?

How different is the city centre, and how different should it be?

As in many other countries, Singapore’s city centre is qualitatively different from its other districts. Apart from its predominantly commercial zoning, there is a far greater concentration of private residences in the Central Area, compared to the rest of Singapore (see [Table 1](#)).

Table 1: Public-Private Housing Split in the Central Area and Outside the Central Area

	HDB units (owner-occupied and rental)	Private residential units (including ECs) ³	Total number of housing units
Completed			
Central Area	12,611 (28.7%)	31,308 (71.3%)	43,919 (100%)
Outside Central Area	912,118 (77.3%)	267,585 (22.7%)	1,179,703 (100%)
Mainland Singapore	924,729 (75.6%)	298,893 (24.4%)	1,223,622 (100%)
Under construction			
Central Area	0	79,540	156,976
Outside Central Area	77,436		

Data for HDB units is from 2013Q1 and data for private residential units is from 2013Q4 (Sources: URA Realis; HDB Key Statistics 2012/2013).

³ ECs (Executive Condominiums) are a hybrid of public and private housing. They are built and sold by private developers but subject to HDB ownership and occupancy restrictions for the first 10 years, after which they are considered private property.

This was not always the case. HDB flats were initially built in the Central Area, such as Tanjong Pagar and Chinatown. In 1975, then URA General Manager Alan Choe advised that “the residential usage proposed in the central area must cater for all social groups” through the provision of HDB housing alongside middle-income condominiums and luxury high-rise developments.⁴

Today, Singapore does not face challenges such as low-income or ethnic minority ghettos and other extreme forms of spatial segregation. This is largely due to far-sighted early planning decisions. Eschewing the ethnic districts of the colonial-era Singapore Town Plan, HDB’s public housing estates served as a critical institution for promoting social stability and cohesion. Its planning decisions were quite visionary – avoiding ghettos by mixing low-income rental housing with owner-occupied housing of different sizes, and siting HDB towns near or adjacent to private apartments and landed housing areas. Later, the Ethnic Integration Policy (EIP) established ethnic quotas for each HDB block. Together, these decisions ensure that public housing estates are (more or less) microcosms of Singapore society by *ethnicity*.

Singapore’s relatively “classless” spatial environment today is largely due to these decisions, which fostered a more cohesive Singaporean society, and mitigated visible income differences. Today, there is still a substantial stock of over 200,000 rental and owner-occupied HDB apartments in the larger Central Region, which includes the Central Area, and covers about 11,700ha.

However, in 1982, then Minister for National Development Teh Cheang Wan explained that central area land was too expensive for public housing, and was better reserved for commercial use.⁵ With the construction of the Mass Rapid Transit rail network, some believed that faster transport connectivity would offset any locational disadvantages of living further from the city centre. The last new HDB flats built in the Central Area were completed in 1985 at Rowell Court and Rowell Road.⁶ Since then, a significant percentage of HDB flats in the Central Area such as Outram Park and Rochor have been compulsorily acquired under the Selective En-bloc Redevelopment Scheme (SERS). The HDB flats in Outram Park were demolished in 2003.⁷ As HDB flats are all on 99-year leases, the number of HDB flats in the Central Area looks set to decline further in the absence of government policy changes.

Meanwhile, more new HDB housing is being built further from the city. Most of the largest HDB towns in Singapore, such as Jurong West, Woodlands, Punggol, Sengkang, Tampines and Bedok, are located well outside of the Central Region. New and future HDB towns such as Bidadari, Tengah and Tampines North are mostly located in the West, North and East of Singapore, and these towns are growing fast. For instance, Punggol will be expanded to three times its current size to accommodate 96,000 households.

This change in planning philosophy has been reinforced by natural market and social forces, which drive communities towards greater segregation over time. One example is gentrification – as seen in heritage areas like Tiong Bahru and Katong, where high-income residents and expensive shops are rapidly displacing long-term occupants and traditional tenants. Furthermore, many people display homophily – the affinity we feel towards people who are “similar to us” – which leads them to search for housing in areas populated by people of the same ethnic backgrounds, education and income level.

Could these forces cause increasing spatial stratification in Singapore? While Singapore’s built environment retains a good level of socioeconomic mixing, higher-end private and landed housing areas are largely located in the south-central and southern part of the island. These range from the

⁴ The Straits Times, “HDB Flats in Marina South?”, 12 Dec 2013.

⁵ The Straits Times, “Construction in Central Area to Stop”, 24 Sep 1982.

⁶ The only exception is Pinnacle@Duxton, a high-quality public housing development built in Tanjong Pagar. It replaced existing HDB flats acquired under the Selective En-bloc Redevelopment Scheme (SERS).

⁷ Written Answer by Ministry of National Development on development plans for Outram Park”, <http://app.mnd.gov.sg/Newsroom/NewsPage.aspx?ID=3467&category=Parliamentary%20Q%20&%20A>, accessed 12 Feb 2014.

exclusive “Good Class Bungalow” landed areas and high quality private condominiums in the sought-after Districts 9, 10 and 11,⁸ and the newer Sentosa Cove and Marina Bay areas. These are located nearer to the financial district and the offices of multinational corporations; sought-after primary schools; amenities such as the central catchment area’s reservoir parks, Botanic Gardens and Gardens by the Bay; and a range of high-end shopping and dining attractions along Orchard Road. New iconic developments such as the Marina Bay Sands integrated resort feature public spaces and events, but their gleaming buildings house high-end shopping galleries, hotels, a casino and restaurants that undeniably cater mainly to well-heeled tourists and professionals.

Is socioeconomic diversity a worthwhile goal?

Given these trends, policymakers and urban planners must consider the extent to which socioeconomic diversity – the presence of residents, employees and visitors of different income levels and social classes in a community – in the city centre is important.

Much has been written about the value of cultural and ethnic diversity, from the success of immigrant societies such as the United States and diverse cities like London, Paris, Sydney and Singapore. However, the value of socioeconomic diversity is more contested. It is difficult to achieve, but ultimately rewarding. In an influential 2007 study, Harvard sociologist Robert Putnam found that diverse communities can suffer from reduced levels of trust, cooperation and bonding in the *short term*.⁹ However, Putnam also emphasised that diversity has a range of longer term benefits for societies, that initial mistrust and fragmentation can be overcome, and that this was “well worth the effort.”

There are three major advantages of socioeconomic diversity. First, it promotes *inclusivity, variety and vibrancy* through supporting a broader range of shops, amenities and services, and can encourage greater business innovation through meeting the needs of a wider income spectrum. Second, it *enhances social mobility and spatial justice* through providing equitable access to areas with better jobs, schools and networks. Third, it can result in *greater social cohesion and resilience in the long term*, compared to communities that are highly segregated by income and thus vulnerable to class-based politics and conflict.

The URA has indicated that Marina South will not be a gated enclave for the rich, but a pedestrian-friendly zone with public spaces accessible to everyone. Nonetheless, it is uncertain whether public spaces suffice to engender the formation of genuinely inclusive communities, or if, as architect Tay Kheng Soon cautions, non-residents visiting these areas may simply feel out of place, like a “tourist in our own land”.¹⁰

True inclusivity is an elusive challenge. A high-end shopping district selling \$30,000 watches and \$300 meals is, in theory, open to the public, but it is not inclusive. Barriers to access take many forms, some less tangible than others. Urban diversity cannot be defined simply in terms of a variety of shops and services intended for a single income group. An expensive condominium next to an expensive restaurant next to an expensive bookstore is not true diversity. Truly vibrant cities like Hong Kong, San Francisco and Bangkok feature offerings for a diverse range of socioeconomic groups, many of which are located on the same streets. Hawker centres in Singapore’s city centre appeal to a broad income spectrum, and serve an important, but often understated, socioeconomic role.

⁸ These refer to the old postal districts 9 (Orchard, Cairnhill, River Valley), 10 (Ardmore, Bukit Timah, Holland Road, Tanglin), and 11 (Watten Estate, Novena, Thomson). These areas are traditionally associated with high-end private housing in Singapore.

⁹ Putnam, Robert, “*E Pluribus Unum: Diversity and Community in the 21st Century: The 2006 Johan Skytte Prize Lecture*”. Scandinavian Political Studies [Internet]. Vol 30 (June 2007) pp. 137-174.

¹⁰ The Straits Times, “HDB Flats in Marina South?”, 12 Dec 2013.

At a broader level, diverse, mixed-income neighbourhoods are often more interesting and vibrant, offering a myriad of shops and services catering to the broad income spectrum of the community. Good examples of such areas in Singapore include Holland Village, Tiong Bahru, Tanjong Pagar and Marine Parade – all of which feature a mix of public and private housing, and are regarded as highly liveable. Such communities tend to be sought after by members of Richard Florida’s “creative class” – designers, researchers, entrepreneurs and innovators who will increasingly drive economic development.

Mixed-income communities can also be an important pillar of a comprehensive meritocracy where social mobility remains high across generations. Studies in places as different as US metropolitan areas, India and Ireland indicate that in the long term, residential segregation of income groups constrains social mobility, and is associated with persistently large gaps in education, employment, well-being and health. Highly segregated neighbourhoods like the Tenderloin district in San Francisco suggest that no city, however liveable and diverse, is immune to growing stratification. Sustaining a competitive, meritocratic system – the foundation of Singapore’s success in previous decades – relies in no small part on fostering inclusive, mixed neighbourhoods. This offers people of different socioeconomic groups more equitable access to jobs, amenities and informal social networks, for instance through public schools, volunteer groups, and places of worship.

But do the locational advantages of residing in the city centre matter in a small, compact city-state like Singapore with good public transportation networks? Consumer choices and market prices suggest so. The substantial premiums in price and Cash-over-Valuations (COVs) that HDB flats in central areas enjoy over equivalent-sized flats in suburban areas, despite the fact that central flats tend to be older, provide strong evidence that households recognise, and value, these locational advantages. Locational advantages are also commonly touted in marketing materials for private condominiums in the city centre, to attract potential buyers. These location premiums will be affected by other factors, such as the quality of public transport and commuting times to the city.

Singapore’s system of meritocracy emphasises the levelling of opportunities, rather than the equalisation of outcomes. Similarly, public housing in the city centre should *not* be seen as a way to redistribute wealth to lower income groups through future capital gains. There are far more systematic and efficient methods to transfer wealth, such as through progressive tax and transfer policies. However, better access to the city centre confers long term, non-monetary benefits to lower-income households that affect their “starting positions”, and those of their children, in life. As Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam points out,

“Upward mobility for the poor was stronger where they were living in mixed-income neighbourhoods compared to those with high poverty concentrations. It was also stronger when they live in areas with higher concentrations of two-parent families, better preschools and schools, and higher levels of civic engagement. [...] What happens at home, in school and in the community shape your aspirations, your confidence, the habits you pick up and the support you get as you grow up.”¹¹

Spatial equity then becomes an important policy lever to create a more level playing field, since careful planning can minimise the unfettered rise of rich and poor neighbourhoods in the first place:

“We cannot think about a fair and inclusive society purely in terms of incomes or redistribution. It is also about everyone having access to quality living in our neighbourhoods and public spaces, and about the sharing of ideas and active civic participation that can grow the public good.”

¹¹ Shanmugaratnam, Tharman “The Invisible Hand of Social Culture”, speech delivered at The 6th S Rajaratnam Lecture, 6 Dec 2013.

A diverse socioeconomic environment could support better mixing in schools, which Education Minister Heng Swee Keat thinks will narrow the gap between Singapore's future leaders and the people, and "build a sense of togetherness".¹² Various studies featured in urban studies sites like the Atlantic Cities similarly highlight the key role of geographical location and environment in determining the potential upward mobility of lower- and middle income children.

If done correctly – and this is a big "if" – socioeconomic diversity could also result in greater cohesion and trust, rather than just mutual accommodation and co-existence, between income groups. Some argue that living in diverse communities may cause residents to feel threatened or mistrustful and "hunker down", and that merely living in the same vicinity does not result in meaningful contact between income groups. This may indeed occur, but it is far from a foregone conclusion. Rupert Brown and Miles Hewstone's extensive research demonstrates that frequent and varied contact between different ethnic and income groups can reduce prejudices and discriminatory attitudes. Further, the *opportunity* for contact between ethnic or income groups in a person's social environment is a strong predictor of *actual* contact, which in turn can foster more positive perceptions of others.

In Singapore, the public education system as well as National Service, or compulsory military conscription, are frequently cited as institutions that transcend ethnic, income and social divides and help build friendships between people from different walks of life. However, such experiences are not shared by the growing number of foreigners in Singapore, who mostly attend international schools and live in private properties.

It is possible that the increasingly separate lives led by wealthy and lower-income households in Singapore are sharpening negative perceptions on both sides. This is manifested in recurring public flare-ups over the perceived arrogance of wealthy elites, such as a student from a top school who demanded that a middle-aged man expressing his concern over rising costs "get out of [her] elite uncaring face", to a Porsche-driving expatriate banker who mocked public transport commuters as "poor people". People's Action Party Member of Parliament Sim Boon Ann cautioned against widening class stratification back in 2006:

"The perception exists that Singapore is a society that is bifurcated between the elites and the commoners, the scholars and the normal streams, the gifted and the ordinary, the HDB dwellers and the private property owners, and the rich and the poor. [...] Sir, as the Singapore society matures, the opportunity for upward social mobility would reduce. Social strata will harden, making it difficult for people to advance and improve their status. [...] As income [inequality] continues to widen, there will indeed be a greater tendency for people in our society to be differentiated socially. When this happens, we would run into problems with class perceptions; and with it, the "us" and "them" feelings that divide society; sometimes very deeply."¹³

There is a risk that relegating new HDB estates to the outlying areas of Singapore, while planning a glittering array of architectural gems, luxurious residences and material offerings for the well-heeled in the city centre, could alienate a large part of the population. This could generate resentment and become a catalyst for political mobilisation, particularly if the distinction between the city centre and outer areas coincides with, and exacerbates, the cleavages between the wealthy and lower-income.¹⁴ Since there are no effective policy tools to limit the foreign ownership of private properties, there is a further risk that as the number of Central Area HDB flats decreases, foreigners will out-bid locals for private housing there, resulting in predominantly wealthy foreign enclaves in the city.

But would Central Area public housing be truly affordable? Certainly, even if some public housing is planned, it would mostly cater to the top-earning end of HDB households given the higher long-term

¹² The Straits Times, "Education can help close some gaps, but...", 29 Jan 2014.

¹³ Mr Sim Boon Ann, Debate on President's Address, Parl. 11 Session 1 Vol 82 Sitting 2, Col. 124 - 127. 8 Nov 2006.

¹⁴ Emily Soh and Belinda Yuen (2011) "Singapore's Changing Spaces" in *Cities*, Vol 28:1, pp 3-10.

costs of city centre living. Is this pure tokenism, as some have charged? A back-of-the-envelope calculation using 2012 income data for different household types in Singapore indicates that this is not necessarily true. Even at the “top end”, and including households in resale flats with no income ceilings, the average monthly income from work of a 5-room flat household is \$10,735 per month. In comparison, the average household income of private condominium owners is nearly double that at \$19,026 per month, and the average income for city centre condominium owners is likely to be even higher.

Given this wide disparity, maintaining a conservative ratio of 60 per cent private housing to 40 per cent public housing, with the latter aimed at households earning about S\$7,000 – 10,000 per month from work, would bring the mean and standard deviation of the household income distribution much closer to an archetypal mixed-income area outside the city centre, with an 75:25 ratio of public to private housing. This could significantly raise the socioeconomic diversity of the city centre, and provide an intermediate accommodation choice for HDB households, which would ameliorate the otherwise stark income gap between private and public housing.

No free lunch

However, proposals to build public housing in the city generally stumble on three hurdles.

First, allocating scarce and expensive city centre land for public housing involves a high opportunity cost since the land could have been tendered out for a higher price on the open market, and subsequently used for a higher value-added commercial or private residential project that would contribute more to Singapore’s Gross Domestic Product. If land in Marina South is allocated for public housing, the chance to build high-end commercial office space or luxury condominiums that could yield far higher prices has been foregone. This is a concern given the government’s philosophy that in densely-populated Singapore, we need to maximise the value from every square foot of land, as far as is feasible. To achieve this, green-field parcels of state land are tendered for sale to private developers through the Government Land Sales (GLS) programme. State land forms part of the national reserves in Singapore, and proceeds from the sale of state land are returned to the reserves. It is thus often argued that the government has a duty to sell state land at fair market value, while not doing so would amount to raiding the reserves and undermining the interests of future generations.

Second, some have argued that state intervention to allocate land for lower-value public housing in the city interferes with the functioning of a free and competitive property market and produces distortionary outcomes, such as depressing the value of adjacent private properties. For example, private property developers protested vehemently that by building Pinnacle@Duxton, the government was competing directly with them by providing premium but subsidised housing in the city centre.¹⁵

Third, and perhaps most importantly, building and selling subsidised public housing in valuable city centre locations creates undeserved windfall gains for a select few. A windfall is a monetary gain that is unexpected, one-off, and not due to the effort or actions of the recipient. Examples include receiving an inheritance and winning the lottery. It is often argued that the relatively few households who are lucky and successful in balloting for a city centre apartment will become instant millionaires upon selling their units. Indeed, each apartment in Pinnacle@Duxton may fetch over S\$1 million on the open market once the 5-year Minimum Occupation Period (MOP) expires in 2014.

However, none of these criticisms provides a conclusive basis for abandoning the goal of socioeconomically diverse communities altogether. Ultimately, many land-use planning decisions involve tough choices and competing alternatives. All urban planning is, in a strict sense, a market-distorting intervention. Such intervention is necessary because allocating land solely on the basis of price does not always maximise the value to society as a whole, and land markets are susceptible to irrational exuberance and other failures. The government has made conscious and valid decisions to

¹⁵ The Straits Times, “HDB’s Pinnacle: A threat to private developers?”, 19 June 2004.

forego potential land revenue and economic value when it earmarked land for social infrastructure and public amenities like libraries and community centres, and when it conserved symbolic national sites like the 43-hectare Istana (the President's official residence) and the Padang (field) where Singapore's independence was proclaimed. The 101-hectare Gardens by the Bay in Marina South is another example of the government making such a trade-off.

Claims that a limited amount of public housing in the city will depress central property values are probably exaggerated. The true impact might be more nuanced: luxury condominiums may not be affected much; closer substitutes such as lower-end private housing might fall in value, while complementary land uses like commercial and retail sites might enjoy a price increase, as seen from the rise in values of shop-houses adjacent to Pinnacle@Duxton. In the long term, the market will find a new equilibrium. Furthermore, expensive city centre land is not intrinsically useful except to landowners. Rental and business costs, and eventually prices, rise for everybody else. Having mixed-income communities in the city centre may also dampen price volatility since it would introduce a stable core of genuine owner-occupants in public housing. Purely private housing risks a situation where expensive condominiums are built and bought for speculative purposes, leading to large price swings and low owner occupancy rates. For instance, months after its opening, the exclusive Marina Bay Suites remained only 10 per cent occupied despite being over 90 per cent sold.¹⁶

Perhaps the strongest argument against building public housing in the Central Area is that there is no urgent need to do so. The vast majority of Singapore's resident population stays in HDB estates outside the Central Area that are socioeconomically mixed. As DPM Tharman noted, "our neighbourhoods are probably the most distinctive social feature of Singapore. The full span of HDB homes, from low income to upper-middle, and with private housing often in the same neighbourhood."¹⁷ There are about 50,000 one- and two-bedroom rental apartments whose lower-income occupants receive social support (see [Annex A](#)), but these apartments are near to public transport, amenities and facilities such as markets, common areas are well-maintained, violent crime is not a serious concern, and the living environment is far better than the segregated and isolated ghettos in some other countries.

Even so, in the context of growing inequality and falling mobility, it will be a challenge for policymakers to correctly identify the tipping point that justifies government intervention. The cultivation of diverse and inclusive communities takes time, and socioeconomic stratification is usually a gradual, creeping process. In other words, if this is not the right time, it is difficult to say what the right time will be.

Could we achieve spatial diversity and equity in other ways?

Properly implemented, public housing in the city centre would be a strong indication of the government's continuing commitment to social mobility and inclusiveness. However, policymakers have also considered other options that may achieve these goals.

Options such as rent control may be even more distortionary since rental caps are established by bureaucratic fiat, and landlords are left with little incentive to maintain or improve their buildings. Singapore abolished rent controls in 2001. Spatial equity can also be improved through planning and land-use decisions that allocate land for public infrastructure and amenities in high-value areas, that improve the quality and affordability of transport access to the city centre, and that incentivise property developers to include quality public spaces in their building designs.

¹⁶ The Straits Times, "Marina Bay Suites fire: 2 die in fire on Monday night", 14 Jan 2014. <http://www.straitstimes.com/breaking-news/singapore/story/marina-bay-suites-fire-2-die-fire-monday-night-20140114> accessed 12 Feb 2014.

¹⁷ Shanmugaratnam (2013).

On a broader level, Singapore has pursued a polycentric national development strategy since the 1991 Concept Plan that envisaged multiple “city centres” in Woodlands, Jurong and Tampines with a critical mass of well-paying jobs, facilities and recreational options. The DMP 2013 continues this effort with its plans to decentralise more business and industrial activities to regional and fringe centres outside the Central Region (see [Annex B](#)). The thinking behind this strategy is sound – if successful, it would increase the opportunities open to those living outside the Central Area, and promote socioeconomic mixing to the extent that residents across the income spectrum are attracted to live nearby.

These are all steps in the right direction, but are they sufficient to reverse the growth of socioeconomic stratification and falling income mobility? Their impact may be limited because new iconic developments and prime commercial hubs such as the Marina Bay Financial Centre continue to be located in the Central Area, and the city centre will retain the highest concentration of high-paying professional and managerial jobs. In the longer term, planned business hubs in the Greater Southern Waterfront – such as Alexandra and Pasir Panjang – could further tilt the balance of commercial activity towards the Central Region. Meanwhile, high land costs will drive companies to relocate lower-end business functions (and lower-paying jobs) to industrial parks and flatted factories further from the city. This could exacerbate household income differentials as well as spatial segregation by income over time, since employment choices are driven partly by proximity to one’s place of dwelling and vice versa.

Squaring the circle

Sound policy design and implementation are critical, should the government decide to build new public housing in the Central Area. This ought to address several objectives. First, it should *foster greater socioeconomic diversity*, with all its attendant benefits of social mixing and vibrancy. Second, the public housing must *remain affordable* not only for the first set of buyers who purchase new flats directly from the HDB, but also in the long term. Third, it must find a legitimate balance between the *reduction of windfall gains*, and the potential for owners to enjoy *some degree of capital gains* upon sale. Fourth, it must *minimise the opportunity cost* in terms of the highest GDP use foregone. Fifth, it must be sufficiently differentiated to *avoid competing fully with private properties* in the city centre. How can planners and policymakers achieve this balance?

Affordable communities with sufficient scale

With a large green-field site and the development and planning expertise of the HDB and URA, Singapore has a unique opportunity to build new mixed-income communities from the ground up, ensuring a diverse ecosystem of public housing and affordable shops alongside private residential accommodation, with amenities and facilities available to all. Some may protest that such a large ecosystem of public housing and affordable shops would demand a large land footprint, but can the HDB and urban planners take advantage of technological advances and intensification to create a liveable environment with less land?

Provide accommodation services while controlling windfall gains

Another key question for policymakers is: how can city centre public housing be designed and sold in a way that prevents its use by speculators to benefit from high resale capital gains? Currently, all purchasers of new HDB flats are subject to a 5-year Minimum Occupation Period (MOP) before they can re-sell their apartments, and a 3 to 5-year occupancy period before they can sub-let their entire apartments to tenants. This is to reduce speculation in HDB flats, which are primarily intended as affordable accommodation.

Should the government use other administrative measures to differentiate city centre HDB apartments from private apartments, or direct fiscal measures such as taxes on home owners who cash in on their high public housing values in the city centre to limit direct competition with the private sector as well

as reduce the size of future windfall gains? What measures would work best? How should the state design a legitimate and fair mechanism of allocating these apartments?

The virtuous cycle between hardware and software

Achieving a good balance between cohesion and diversity is a complex task that requires what Robert Putnam calls “bridging social capital” – the networks and relationships we have with people who are not like us. (In contrast, “bonding social capital” refers to the ties that bind the members of the same community). This in turn requires frequent and diverse interactions, shared common spaces and multiple opportunities for encountering others. On a practical level, common activities, such as community events, shared celebrations and volunteer drives can facilitate encounters and relationship building between people from different socioeconomic groups. There is also scope to improve the “software” of a community through shaping its physical landscape. The government has used town planning layout and urban design such as the location of playgrounds, residents’ lounges, public schools, hawker centres and shared amenities to good effect. These open, mixed-income environments increase encounters and interaction between residents. How can the HDB deploy its expertise to encourage the creation of cohesive communities in the city?

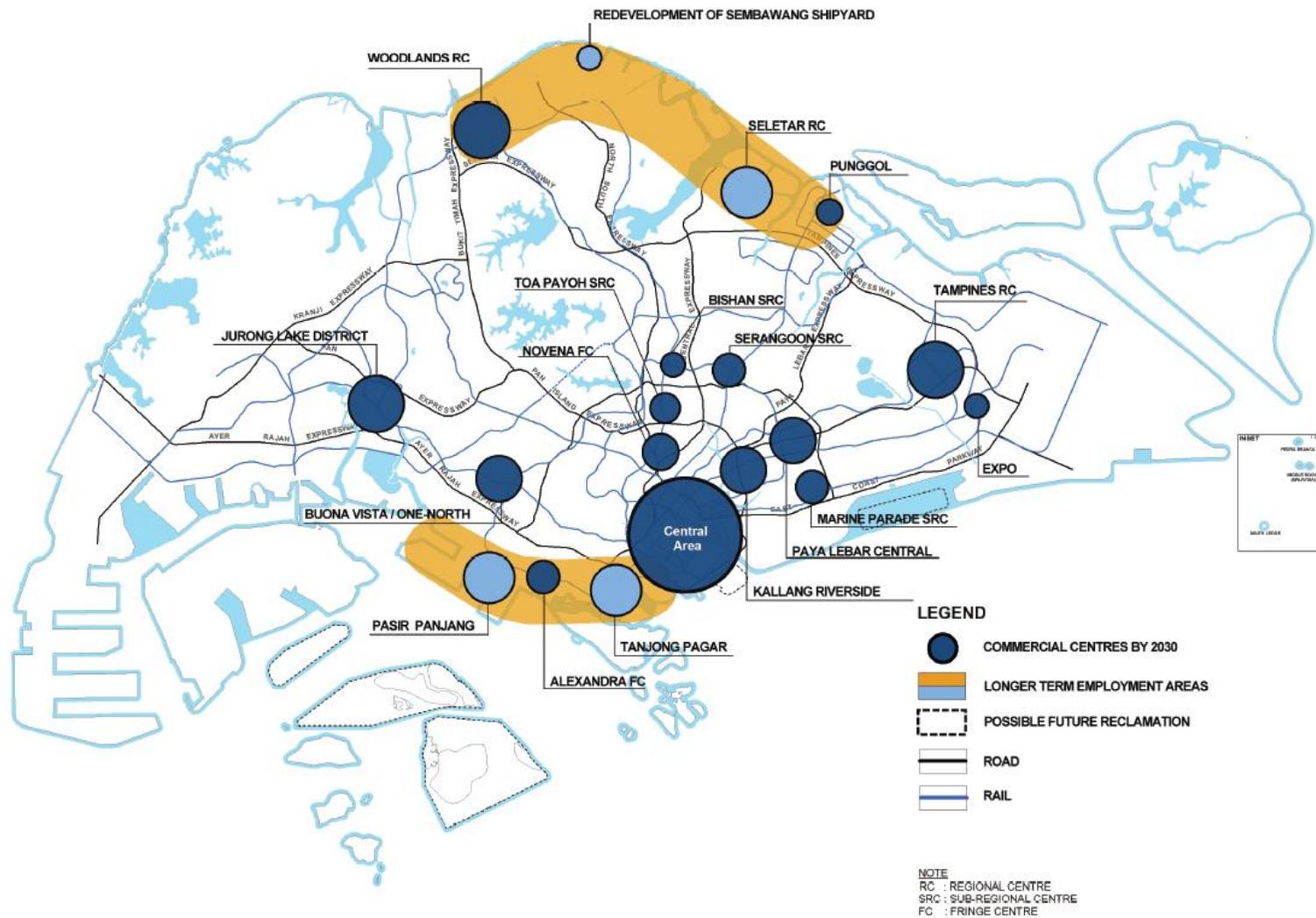
City plans are never purely neutral. Every plan embodies and reflects implicit goals and values, and a vision of how the built environment will support the needs and aspirations of those who live there. The argument for public housing in the city centre requires a mind-set shift beyond maximising the monetary value of land to incorporate social value and social justice, as well as the belief that the city centre, as Singapore’s symbolic heart, must resonate in meaningful ways with people from all walks of life.

ANNEX A: HDB RESIDENTIAL DISTRIBUTION, 2012

HDB Town	DWELLING UNITS UNDER MANAGEMENT										TOTAL DWELLING UNITS	DWELLING UNITS UNDER CONSTRUCTION	DWELLING UNITS (DBSS) UNDER CONSTRUCTION	DWELLING UNITS COMPLETED FY 2012/2013	DWELLING UNITS (DBSS) COMPLETED FY 2012/2013				
	SOLD FLATS					RENTAL													
	1-Room	2-Room	3-Room	4-Room	5-Room	Exec	SA	HU/DC	Total	1-Room						2-Room	3-Room	4-Room	Total
1 Ang Mo Kio	0	638	24,127	13,681	5,653	487	136	0	44,722	1,318	2,855	20	1	4,194	48,916	1,544	0	0	0
2 Bedok	0	680	22,345	19,741	10,184	2,712	130	0	55,792	2,250	1,145	10	0	3,405	59,197	2,039	488	0	0
3 Bishan	0	0	2,359	9,359	5,715	1,660	176	0	19,269	396	0	0	0	396	19,665	0	0	0	0
4 Bukit Batok	0	0	10,279	13,851	4,832	2,732	0	0	31,694	305	95	1	0	401	32,095	1,636	0	0	0
5 Bukit Merah	258	1,158	15,738	14,923	9,323	44	442	0	41,886	4,473	4,599	168	96	9,336	51,222	1,610	0	0	0
6 Bukit Panjang	0	96	2,804	14,586	9,517	3,381	0	0	30,384	223	74	0	0	297	30,681	4,644	0	237	0
7 Choa Chu Kang	0	78	1,481	19,608	13,422	4,762	164	0	39,515	355	513	0	0	868	40,383	6,358	0	290	0
8 Clementi	0	249	12,396	8,281	2,773	625	0	0	24,324	760	683	49	0	1,492	25,816	962	888	444	0
9 Geylang	0	752	10,878	9,177	3,590	830	107	0	25,334	1,044	2,398	484	0	3,926	29,260	975	0	0	0
10 Hougang	0	268	9,612	23,466	9,924	4,310	192	622	48,394	532	624	228	6	1,390	49,784	2,104	680	1,296	0
11 Jurong East	0	302	7,175	7,915	6,029	1,871	143	0	23,435	352	110	46	0	508	23,943	518	0	711	0
12 Jurong West	0	461	11,526	27,352	20,889	6,506	97	0	66,831	540	1,169	706	0	2,415	69,246	1,828	682	705	0
13 Kallang/Whampoa	0	445	13,145	9,847	5,364	503	0	0	29,304	4,401	2,024	15	2	6,442	35,746	3,048	0	0	0
14 Pasir Ris	0	21	163	10,716	9,055	7,460	0	98	27,513	176	44	1	0	221	27,734	1,571	447	0	0
15 Punggol	0	526	1,323	13,152	11,495	1,126	130	0	27,752	701	186	0	0	887	28,639	13,588	0	3,780	0
16 Queenstown	0	1,529	14,352	7,396	3,686	354	266	0	27,583	575	1,699	82	0	2,356	29,939	2,275	0	217	0
17 Sembawang	0	50	0	7,709	7,556	2,870	0	0	18,185	169	67	0	0	236	18,421	1,890	0	0	0
18 Sengkang	0	872	1,809	22,566	19,639	4,462	0	0	49,348	512	220	0	0	732	50,080	13,297	0	2,231	0
19 Serangoon	0	77	4,545	10,231	3,752	2,365	0	244	21,214	182	142	0	0	324	21,538	0	0	0	0
20 Tampines	0	219	12,364	27,213	16,649	5,845	208	0	62,498	775	387	16	0	1,178	63,676	2,595	708	455	0
21 Toa Payoh	0	715	14,993	9,610	6,016	853	156	175	32,518	1,170	2,898	31	0	4,099	36,617	436	0	0	1,203
22 Woodlands	0	53	5,723	26,446	19,195	6,190	416	0	58,023	1,312	503	73	154	2,042	60,065	2,961	0	1,031	0
23 Yishun	0	246	13,386	24,609	7,281	2,741	169	0	48,432	530	180	26	0	736	49,168	6,726	806	144	0
Other Estates:																			
24 Bukit Timah	0	0	441	920	682	380	0	0	2,423	0	0	0	0	0	2,423	132	0	0	0
25 Central Area	0	345	4,691	3,514	902	9	0	38	9,499	2,075	971	52	14	3,112	12,611	0	0	0	0
26 Marine Parade	0	26	3,040	1,798	1,675	0	0	0	6,539	0	1,324	1	0	1,325	7,864	0	0	0	0
Total	258	9,806	220,695	357,667	214,798	65,078	2,932	1,177	872,411	25,126	24,910	2,009	273	52,318	924,729	72,737	4,699	11,541	1,203

Source: HDB Annual Report FY 2012/2013: Key Statistics

ANNEX B: CURRENT AND PLANNED COMMERCIAL CENTRES IN SINGAPORE



Source: Ministry of National Development (January 2013), pp. 56 – 57.