



## **Enhanced Additional CPF Housing Grant Will Help More Own A Home**

Households earning up to \$5,000 a month can now look forward to more help to buy their first home. The Minister for National Development announced in Parliament today the details of the enhanced Additional CPF Housing Grant Scheme (AHG - 额外公积金购屋津贴 ) to help first-timers buy a home.

2 AHG is an additional subsidy over and above the regular market subsidy and CPF Housing Grant that new and resale flat buyers enjoy respectively. It offsets the purchase price of a new or resale HDB flat, thereby further reducing the loan a flat buyer needs to take. This is the second enhancement since the AHG was first introduced in March 2006. The enhancements are:

- Increase in the income ceiling from \$4,000 to \$5,000. This will increase the coverage of the AHG from 50% to 60% of resident households.
- Increase in maximum grant quantum from \$30,000 to \$40,000. Details of the grant for the various income bands can be found at Annex 1.
- Reduction of the 2-year continuous employment condition to one year.

3 The enhanced AHG will make owning an HDB home within easier reach, especially for the lower-income. For instance, a family with a monthly household income of \$1,500 can comfortably own a new 2-room HDB flat priced at \$90,000<sup>1</sup>. With the help of the maximum AHG quantum of \$40,000, they only have a monthly mortgage instalment of about \$200. This is about 13% of monthly income and can be serviced entirely from monthly CPF contributions.

4 The increase in amount will also give more help to middle-income families. For instance, a family with a monthly household income of \$4,000 will get an AHG of \$15,000, an increase of \$10,000. They can also get a higher CPF Housing Grant of \$40,000 if they stay near their parents. If they buy a resale 4-room flat at about \$315,000<sup>2</sup>, they will only need to use 26% of their monthly income to service their loan. Only a small cash payment of about \$121 is needed, with the rest from their monthly CPF contributions.

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<sup>1</sup> Average selling price.

<sup>2</sup> Median resale price for 4-room flats in 4<sup>th</sup> quarter 2008.

5 This revision is expected to benefit an additional 2,700 first-timer homebuyers each year bringing the total benefiting households to about 8,000 per year. Overall, it will almost double the estimated cost of the AHG scheme to Government to about \$150 million per year.

### Background

6 The Government first introduced the AHG on 3 March 2006 to help lower-income citizen families buy their first HDB flat. It was enhanced in August 2007, with a higher income ceiling of \$4,000 (from \$3,000) and a higher maximum grant of \$30,000 (from \$20,000). To date, the AHG scheme has disbursed about \$140 million to help about 10,000 families buy their first flat. The beneficiaries of the AHG have extended beyond the lower income to the middle-income families.

### Implementation Details

7 As with the current scheme, the enhanced grant is to be used as capital payment for the flat purchase. Upon subsequent sale of the flat, the AHG has to be reinstated to the recipient's CPF account, according to the prevailing CPF Board's rules.

8 The enhanced AHG will take effect from 6 Feb 09. It will be applicable to the purchase of flats as follows:

<b>Category of Flats</b>	<b>Cut-Off Date</b>
Purchase of New / DBSS Flats	Booking of Flats on or after 6 Feb 09
Purchase of Resale Flats	Resale Application received by HDB on or after 6 Feb 09

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### Enquiries

9 For enquiries, the public can call the following toll-free lines:

- (a) Sales/Resale Customer Service Line : 1800 8663 066
- (b) Branch Office Service Line : 1800 2255 432
- (c) SERS Enquiry Line : 1800 8663 070

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## **ANNEX 1**

The Additional CPF Housing Grant is graduated to allow families with lower income to enjoy a higher grant. The details of the enhanced grant are as follows:

<b>Average Monthly Household Income</b>	<b><u>Current</u> Additional CPF Housing Grant Quanta</b>	<b><u>Enhanced</u> Additional CPF Housing Grant Quanta</b>
\$1,500 or less	\$30,000	\$40,000
\$1,501 - \$2,000	\$25,000	\$35,000
\$2,001 - \$2,500	\$20,000	\$30,000
\$2,501 - \$3,000	\$15,000	\$25,000
\$3,001 - \$3,500	\$10,000	\$20,000
\$3,501 - \$4,000	\$5,000	\$15,000
\$4,001 - \$4,500	-	\$10,000
\$4,501 - \$5,000	-	\$ 5,000

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