

Budget 2024

# Fresh set of keys could get young couples started earlier on married life and parenthood

The Parenthood Provisional Housing Scheme enhancement is a promising move in that direction but more can be done to help couples cross this chasm.

**Tan Poh Lin**

During his Budget speech on Feb 16, Deputy Prime Minister and Finance Minister Lawrence Wong announced that young families waiting for keys to their Build-To-Order (BTO) flats will soon receive up to a year of financial assistance for renting an HDB flat from the open market.

The enhancement to the existing Parenthood Provisional Housing Scheme (PPHS), which provides subsidised HDB rental flats to families with urgent housing needs, means that more young couples can confidently expect to secure a temporary home amid high application rates.

The announcement also comes in the wake of the Prime, Plus and Standard framework for future BTO projects, which will lower economic barriers to entry for home seekers who prefer centrally located HDB flats and homes closer to MRT stations.

Taken together, these new measures provide young families with more flexibility over where they can live, and presumably prod them to get started on their married life. One may therefore hope that young couples may take these supportive measures as a cue to accelerate marriage and have kids.

**FACILITATING, NOT REPLACING, ACCESS TO AFFORDABLE HOMES**

The enhancement tackles a



The provisional housing vouchers can help to remove some of the obstacles causing couples to delay marriage and childbearing, by providing greater access to interim rental housing as well as geographical flexibility. ST FILE PHOTO

longstanding concern from young couples of starting a family before having a roof over their heads, when a BTO project takes years to complete, and the corresponding call to support this group to rent their homes instead.

Yet the policy also overcomes problems arising from more Singaporeans renting instead of owning their homes – including rental market distortions and a potential erosion of home ownership.

For one thing, the vouchers are only for up to one year of rental assistance, rather than for the entire BTO waiting period of three to four years. Extending the vouchers to a multi-year programme would have far stronger ramifications for HDB rental prices, which already rose by around 10 per cent in 2023.

More importantly, the 12-month cap on provisional housing vouchers reflects its purpose as a supplement for subsidised HDB

rental flats for qualifying families, rather than a replacement mechanism for access to affordable housing. It will not encourage renting over home ownership.

As noted in a 2024 Institute of Policy Studies working paper, one key principle of Singapore's housing policies is to give all citizens the opportunity to become stakeholders of the nation and our collective future. To meet that goal, broad access to BTO flats is necessary through the introduction of a relatively generous household income ceiling of \$14,000, and schemes that include older singles aged 35 and above and other household types.

In contrast, the housing vouchers, which fall under PPHS with a much lower household income ceiling of \$7,000, are intended to give priority to families who have fewer other options and are in great need of

subsidised rental homes before their BTO flat is ready.

As the supply of flats provided by HDB under the PPHS for temporary living is expected to double from 2,000 to 4,000 over the next few years, giving applicants a higher chance of securing subsidised flats, there is less rationale to have the vouchers cover the entire BTO waiting period.

**TEMPORARY RENTED HOUSING: OPPORTUNITIES AND LIMITATIONS**

There is another important advantage of PPHS' lower-income ceiling: the age factor.

Since there is a strong age gradient for earnings, keeping the cut-off slightly above the median income level of PPHS applicants of \$5,700 means that a reasonable proportion of couples would still qualify for the benefits. Yet keeping the qualifying income low also incentivises couples to

apply for flats at younger ages, before their household income crosses the threshold for additional assistance.

By the same logic, couples who start childbearing earlier, when their household incomes are still relatively low, would also be more likely to benefit from the reduction in pre-school fee caps and new additional childcare subsidies announced in Budget 2024.

Since youth consistently view housing affordability as one of their key concerns, and according to results presented at the Singapore Perspectives 2024 Conference, child-rearing costs are a top reason for why some youth are not planning to have children, all these may help to tip the balance towards earlier family formation.

Other factors may also help younger couples push forward marriage and childbearing. With additional options beyond limited subsidised rental flats offered by HDB under the current scheme, young couples can now plan ahead with more certainty, making it easier to settle on a wedding date and make preparations.

Quicker access to a home of their own also offers couples additional time together, which can help with bonding in preparation for parenthood. Relatedly, the prospect of greater residential autonomy from parents and in-laws can also help newlyweds better manage relations, and plan for childcare if and when children arrive.

Research suggests that the PPHS enhancement would be directly relevant to the childbearing considerations of a proportion of young families. A 2020 survey of local married women suggests that more than one-third of them would have liked to try for a baby immediately after marriage. Around a quarter who did not want to do so cited housing availability as a constraint.

Yet it should be noted that provisional housing vouchers are ultimately not the same as having the keys to one's own BTO flat, with many couples preferring to wait until they have their own home before making additions to their family.

Temporary housing is still just that. Hanging over the experiences and routines of daily life is the expectation of moving, an imminent incoming change, creating a psychological detachment and disinclination to undertake large projects like having a baby.

Our relationships with our homes also tend to be different as renters and as owners. There are more restrictions over what can

be put up or installed, and how we can organise the space. The arrival of a baby requires many new changes, ranging from new specialised furniture to protective gear to make doors, corners and floors safe.

Such conditions make temporary rental less than ideal for welcoming babies. Many women experience a nesting instinct shortly before birth, when they become extra attentive to details over their physical environment.

There is also the daunting prospect of moving with an infant, with a longer list of possessions to be transported and reinstalled, not to mention additional adjustment issues.

**WHAT ELSE CAN HELP?**

Despite these limitations, the provisional housing vouchers can help to remove some of the obstacles causing couples to delay marriage and childbearing, by providing greater access to interim rental housing as well as geographical flexibility.

One way that young families could be better served is if HDB offers those who have given birth in the last six months or who are already in their third trimester at the time of expiration of their housing voucher an extension up to another year, assuming their BTO flat is still not ready.

This provision can blunt the sense of imminent change for couples trying for their first baby, as well as provide a less stressful moving experience for families with infants.

Another useful policy design for the authorities to consider is to offer higher rental ceilings for couples opting to stay close to their parents, analogous to the Proximity Housing Grant. This can potentially encourage earlier childbearing among young couples given nearby support networks, as well as increase intergenerational bonding and exchanges of care.

Finally, it is worth noting that the above study of local married women also found that work-related reasons were more likely than housing availability to be cited as a reason why they prefer to delay childbearing after marriage.

Thus, while the PPHS policy enhancement is a step in the right direction, a holistic approach that seeks to push institutional barriers and cultural boundaries to tackle work-life conflict is still required to move the needle.

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