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Balancing stakes in en bloc deals: Should we raise or lower the bar?

The lessons yielded around building consensus will matter far more when VERS arrives.

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Pine Grove condominium is 42 years into its 99-year lease and on its fifth collective sale attempt. What stalls Pine Grove, says the writer, is not just the tenure clock but the sheer heterogeneity of its owner base, spanning long-tenured owner-occupiers, investor-landlords and overseas owners. PHOTO: ST FILE

How strong a consensus should we require when it comes to en bloc deals? The answer is that aligning varied and diverse stakeholder perspectives is rarely a neat mathematical exercise. Setting a consent threshold in a collective sale process is ultimately a judgment call.

Consider the extremes: A threshold set at 100 per cent allows a single holdout to keep hundreds of households in a deteriorating building. One set at just a simple majority leaves dissent with no weight at all. Any number between those two points invariably produces a losing side.

Parliament has now been asked to deliberate and decide on that number. The Land Titles (Strata) (Amendment) Bill, introduced on Aug 4, lowers the consent threshold for a collective sale from 80 per cent of owners to 70 per cent for developments aged 40 to 59 years, and to 65 per cent for those 60 years and older. Thresholds for developments under 40 years old remain unchanged at 80 per cent between 10 and 39 years; 90 per cent for those below 10 years.

At the same time, the Bill raises the bar to start the process: Requisitioning a collective sale committee (CSC) will now need 35 per cent of owners' support, up from the current 25 per cent, and the committee will have just six months to gather signatures, rather than 12. Taken together, the Bill demands a harder take-off, allows for an easier landing, but hands the whole flight a much shorter runway to do both in.

THE COST OF INACTION

The case for making collective sales more achievable is clear. More than 20,000 private non-landed residential units in Singapore are already past 40 years old, with that number growing as the housing stock ages. Spalling concrete, ageing lifts and sinking funds that no longer keep pace with maintenance needs are not hypothetical risks. These are everyday realities for many older developments today.

A collective sale is one of the few remaining mechanisms to renew housing stock and recycle scarce land effectively. The alternative is rarely a status quo but a long, expensive slide into disrepair as the property ages. Inaction has a cost – one that is diffuse, cumulative and less visible compared with the sharp signal of a failed vote.

Yet, easing thresholds does not automatically remove the need for collective action nor erase the ensuing friction. Last year, two ageing HDB blocks in Tiong Bahru narrowly failed to secure the votes needed for the Home Improvement Programme (HIP), which requires 75 per cent household support. The incident was a reminder that even situations involving heavily subsidised enhancements and smaller, time-bound inconveniences are not free from the problems of collective action.

The friction is often blamed on tenure type and whether a property is freehold or leasehold, but the real divide is owner motivation. Most owners treat their flat as both shelter and store of value simultaneously; that is the foundational bargain of Singapore's home ownership model. The tension becomes acute when an en bloc vote forces these two functions apart.

A long-term owner-occupier for whom the flat is principally shelter tends to experience a decaying 99-year lease as background fact, something to note rather than to act on urgently, and for this owner, moving presents its own real disruption and high replacement cost. Another owner who holds a similar unit primarily as an investment reads that same clock differently, as a timer running against how many future buyers will still be able to finance a purchase by the time they want to exit, and pushes for a resolution accordingly.

THE CLOCK TICKS UNEQUALLY

Tenure shapes how sharply that divide cuts, because the clock is ticking unequally for both parties. In freehold developments, while the lease clock is absent, a different deadlock emerges around opportunity cost and capital appreciation.

For leasehold estates, look at Pine Grove: 42 years into its 99-year lease and on its fifth collective sale attempt. Its 660 units span long-tenured owner-occupiers, investor-landlords and overseas owners. What stalls Pine Grove is not just the tenure clock, but the sheer heterogeneity of its owner base. An estate split along those lines will struggle to clear any threshold, whatever number is chosen, because the disagreement was never really about the percentage.

Additionally, for mega-estates like Braddell View with 918 units, the new six-month signature window introduces a logistical barrier. Tracing hundreds of owners – many residing overseas – within 180 days is a race against time, regardless of whether owners agree in principle. The shorter window protects dissenters from prolonged pressure, but risks locking out willing sellers who simply cannot be reached in time.

If thresholds alone cannot eliminate friction, the legitimacy of the outcome hinges on how conflict is managed before the CSC clock starts, including what happens to the minority once it loses. Two developments could clear an identical 70 per cent threshold and leave very different feelings of grievance behind, depending on how much the dissenting owners felt their concerns were engaged along the way and whether their interests were addressed. No one wants to feel brushed aside simply because they were outvoted.

GETTING IT RIGHT

That outcome depends less on the six-month window or voting thresholds than on what a private estate's management corporation does, or fails to do, before the en bloc clock starts running. Hence, there is a case for management corporations strata title, or MCSTs, to conduct a structured, non-binding sentiment exercise before formal CSCs are requisitioned. This would be a process that surfaces where owners stand and why, well before the formal process raises the stakes and compresses the time available to work through disagreement. This matters even more when the signature window is cut to six months: An estate that has already surfaced its red lines enters that clock with far less left to resolve inside it.

And this is, in my view, a matter with implications beyond the private residential property sector. HDB's Voluntary Early Redevelopment Scheme (VERS), which allows owners of HDB flats aged 70 years or older to vote on whether the Government should buy back their homes before the 99-year lease expires, will eventually confront the identical design question at a far larger scale. The stakes are higher for public housing. For many, especially older or lower-income households, the flat is the anchor of a family's life and their finances.

While the scheme is not expected to begin before the 2030s, and the VERS threshold has not been announced, the Ministry of National Development has said remuneration will be less generous than the old Selective En bloc Redevelopment Scheme, where home owners did not have a choice.

The primary takeaway from this round of private en bloc reform may be that consensus is built or lost in the period before the formal process begins, and that VERS will need to design that upstream phase deliberately rather than replicate the private collective sales pattern of jumping straight to signature-gathering. Getting that right for a few hundred units in a private estate is difficult enough; getting it wrong for more than a million HDB households is a mistake Singapore cannot afford to make.

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