



Property Exchange Policy (House & Land)

Category: Property Management

Date Approved: March 2018

Reference:

Date Published: March 2018

Responsible Office: Lands and Housing Department

Date Last Revised: June 2020

1. SUMMARY

Throughout the years, the Ministry received and handled many request for property exchanges in various shape or form. The existing Policy in placed addressed only the financial aspect of the exchange for such transaction. The Ministry recognize the need to further refine and fine tune the Policy to render the process and decision making more Transparent and clear.

1.1 STATEMENT

The Proposed Policy is aimed at providing clear guidelines for property exchanges. Thus rendering the process more transparent and effective, whilst ensuring that Government is not at a disadvantage in its continuous effort to continuously look for better solutions for all families/individuals for their housing needs.

1.2 Definition

In this Policy, Property Exchange is defined as any transaction under section 2. 1 below, which is not part of a compensation dealings as a result of negotiation between a willing buyer and seller of which the Government (MHILT) is a party to, to satisfy a need (e.g. acquisition for a development).

2.0 PROPOSED POLICY FRAMEWORK

2.1 The new policies will cover the following transactions:

1. Exchange of Government House (PMC) for Government Land
2. Exchange of Government House (PMC) for Government House (PMC)
3. Selling of previously purchased Government House (PMC) to Government
4. Exchange of Land bought/obtained privately for House
5. Exchange of Land for Land
6. Exchange of Land plus House for Land or House

2.2. The Policies for the various transactions are as follows:

2.2.1 Exchange of Government House (PMC) for Government Land

Who can apply?

- An individual who has purchased a house/ unit from the Government including condominium and wishing to sell the unit back to Government in exchange for a plot of land.
- Application must be directed to the Housing Department who will process the same in conjunction with PMC and Lands Department. Such application is subject to availability of Land and the Land Policy.

Rational

To be eligible, applicant must not be in arrears and must satisfy the following validating requirements as per Table 1. Below;

Table 1.		
Justification	Will be subject to	Things to consider
1. Medical conditions / specific illness - non –curable and abuse of Children	<ol style="list-style-type: none"> a. Availability of Land and Specific requirements b. Financial Ability to develop the land c. Medical condition certified by Occupational Health with recommendations for a change in location d. Abuse confirmed cases by Director of Social Services e. Must be a condition diagnosed in 	<ul style="list-style-type: none"> • Type of defaults • Construction defects outside the control of the tenants but not life threatening

	<ul style="list-style-type: none"> the last 24 months f. Condition and cost of the current house g. The applicant should not be in arrears 	
2. Structural defects	<ul style="list-style-type: none"> Types of defects and cause a. Unstable as a result of force majeure b. Un-repairable defects not more than ten years or less 	
3. Extended family/severe overcrowdings as a result of natural growth	<ul style="list-style-type: none"> a. Financial Ability to develop the land in line with the Land Point System b. Condition of semi-permanent nature which can be verified c. Must be a condition not self-inflicted by other members joining the family on a temporary basis. d. Condition of the current house e. The applicant should not be in arrears or clear the same 	

2.2.2 Exchange of Government House (PMC) for Government House (PMC)

Who can apply?

The following applies for applicants who is in a Government house and wants to exchange the same for another government house, preferably for a bigger unit. All such application must be directed to the Housing Department who will process the same in conjunction with PMC.

Rational

Only applicants who falls within the following justification categories and satisfy the validation requirements as per table.2 below shall be eligible for an exchange. The applicants must not be in arrears.

Table 2.

Justification	Validation requirements to consider	Things to consider
1. Medical conditions / specific illness - non –curable and Abuse of children	<ul style="list-style-type: none">a. Medical condition certified by Occupational Health with recommendations for a change in locationb. Condition diagnosed in the last 24 monthsc. Abuse confirmed cases by Director of Social Servicesd. Maintenance cost after family moves out should not be more than Sr100k	Types of houses applied to – social housing only.
2. Structural defects	<ul style="list-style-type: none">a. Engineer’s report certifying extent of defects	
3. Downsizing or natural growth of the family	<ul style="list-style-type: none">a) Will depend on gender and age of dependents/ childrenb) Condition and value of the current housec) The applicant should be not in arrears unless for justifiable reasonsd) Repayment ability based on the difference in value	

Terms of Exchange

The terms of the exchange of the two above categories shall be in accordance to the scenarios below;

Scenario A: Individual has not benefitted from any past housing scheme and was on **RENTAL AGREEMENT** (and shall not be applicable to applicant moving from house to Land)

- Check the total rent paid.

- Offer made to the individual will only be 25% (beneficial occupancy) of the total rent paid will be considered plus any material improvement of the unit made by the tenant will be valued (valuation will be done by QS of Infrastructure Department) and refunded.

Scenario B: Individual paid the Unit under **House Purchase Agreement** and has benefitted under past housing schemes – no rental income considered.

- Amount paid for the Property (including HSS contribution) - **(A)**
- Establish cost of material improvement made to the unit (valuation will be done by QS of infrastructure Department) - **(B)**
- Any cost attributed to repairs due to bad/poor maintenance by the tenant shall also be factored in – C

Offer for the unit will be the sum of A + B - C

Scenario C: Individual still paying the Unit under **House Purchase Agreement** (no rental income considered).

- 50 % of the Amount paid for the property (including full HSS contribution) - **(A)**
- Establish cost of material improvement made to the unit (valuation will be done by QS of infrastructure Department) - **(B)**
- Any cost attributed to repairs due to bad/poor maintenance by the tenant shall also be factored in –**(C)**

Offer for the unit will be the sum of A + B - C

All exchange from house to house will be based on the above calculation based on relevant scenarios and will be offset against the cost price of the unit

All exchange from House to land will be based on the above calculation according to relevant scenarios and tenants shall move to a 24 months rental only.

PMC will retain 30% of the above sum that will be refunded at the time the tenant vacate the house.

2.2.3 Selling (not exchange) of previously purchased Government House (PMC) to Government.

Any individual wishing to sell a previously purchased Government/ PMC House (any house sold under Social housing, condominium or self-finance), the Terms as per scenario B and C of section 3.2 above shall apply.

However upon execution of the sale, GOS will not be required to provide any kinds of assistance (land, housing or Loan under the Housing scheme) to the respective owner in the future.

All such request must be directed to PMC.

2.2.4 Exchange of Land bought / obtained privately for House

Who can apply?

Individual who has obtain land other than from the government but who wants to exchange the same in return for a house, to satisfy their housing need, must however meet the justification as per table. 3 below.

Rational

Applicant must also meet the validation requirements as per Table 3. to be eligible for an exchange

Terms

(a) Valuation (government valuer) of the land based on market value and it will be offset against the market value of the housing unit subject to the exchange, plus the market value of the land if the unit is on a Land Parcel. In the case of justification 1 and 2 above, the unit cost shall be based on cost price of the housing unit.

(b) In cases where the market value of the land is less than that of the house being exchanged, the owner shall enter on a house purchase agreement for the remaining terms as per the outstanding balance with PMC or take a loan from a commercial bank if the unit being exchanged is a self-financed or condominium Unit.

(c) Title deed of the unit if in social housing blocks will be under the condominium property act as and when PMC converts the whole block into condominium titles.

(d) All such offer for exchange shall be directed to Lands Department and payment under 4.3.1 shall be made to PMC. Any remaining balance (if any) shall be paid to the owner.

Table 3.		
Justification	Validation requirements to consider	Things to consider
1. Medical conditions / specific illness - non –curable and abuse of children	<ul style="list-style-type: none"> a. Inability to develop land b. Medical condition certified by Occupational Health with recommendations for a change in location c. Condition diagnosed in the last 24 months d. Abuse confirmed cases by Director of Social Services e. Clean tittle f. Date of purchase g. Land must be accessible h. Owner(s) of land does not possess other immovable property and or land that can be developed i. And has potential for any future development 	Value or types of houses to exchange (e.g. social condo and self-financed units) Value of the land being subject to the exchange Potential and accessibility of the land Time after allocation – 5 yrs Clean title Type of House is important

<p>2. Non-affordability to develop into a basic house</p>	<ul style="list-style-type: none"> a. Age of owner b. Financial inability (means tested by ASP/HFC) c. Proof of attempt to develop (Planning permission, quotations) d. Date of purchase e. Clean title f. Land must be accessible g. Owner(s) of land does not possess other immovable property and or land that can be developed h. And has potential for any future development 	
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2.2.5. Exchange of Land for Land

Who can apply?

A Private Land owner who has either obtain land from the private market or through Government but who wants to exchange the same in return for bare Land.

Application must directed to the Lands Department

Rational

Shall only be eligible for an exchange if they fall within the category and meet the validating requirements as per Table.4 below.

Terms

Upon satisfying the criteria in Table 4, the Valuation (government valuer) of the land will be based on market value and it will be offset against the market value of the GOS Land to be exchanged, unless the title deed of the parcel bears restriction which clearly states conditions of re-purchase by the government

Table 4. Exchange of Land for Land

Justification	Validation requirements to consider	Things to consider
1. Medical conditions / specific illness related to locality – non – curable and abuse of children	<ul style="list-style-type: none"> a. Medical condition certified by Occupational Health with recommendations for a change in location b. Condition diagnosed in the last 24 months c. Abuse confirmed cases by Director of Social Services d. Date and duration of ownership of the property e. Age f. Financial ability (proven by financial institution) g. Date of purchase h. Clean title i. Owner(s) of land does not possess other immovable property and or land that can be developed 	<ul style="list-style-type: none"> Value of the land being subject to the exchange Potential and accessibility of the land Clean title Ground Condition (started developments?)

2.2.6. Exchange of Land plus House for bare Land or for a House

Who can apply?

Property owners who has purchased the property on the private market or who has bought land from the government with a house subsequently built thereon.

Application must directed to the Lands Department

Rational

The Ministry can move to consider proposal for such exchange only in cases whereby the Justification for the request is as per table 5. Below.

Type 5.		
Justification	Validation requirements to consider	Things to consider
1. Medical conditions / specific illness related to locality - non – curable and abuse of children	<ul style="list-style-type: none"> a. Medical condition certified by Occupational Health with recommendations for a change in location b. Condition diagnosed in the last 24 months c. Abuse confirmed cases by Director of Social Services d. Date and duration of ownership of the property e. Age f. Financial ability (proven by financial institution) g. Date of purchase h. Owner(s) of land does not possess other immovable property and or land that can be developed i. Condition of the property 	<ul style="list-style-type: none"> Value of the property being subject to the exchange Potential and accessibility of the land Clean title Ground Condition (started developments?) How can we disposed of the property thereafter?
2. Others (risk factor, security and Strategic governmental need) – statute appointment	<ul style="list-style-type: none"> a. Status and condition of the property b. Date of purchase c. Owner(s) of land does not possess other immovable 	<ul style="list-style-type: none"> All the above plus ; financial ability of the owner How can we disposed of the property thereafter? Will it be an asset to GOS (e.g. stock of housing)

	<p>property and or land that can be developed</p> <p>d. Report from competent authority</p> <p>e. How can we dispose of the property thereafter? Will it be an asset to GOS (e.g. stock of housing)</p>	Auction
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Terms

As the individual has purchased same at a market rate or purchased from government but has subsequently built a house thereon using private means, then the Government will value the house or land at market rate and an offer based on the market value of the property is made to the individual for the purchase of the said property

3. Government reserves the right not to proceed or undertake any exchange should any of the above justifications not be met