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CIRCULAR TO PROFESSIONAL INSTITUTES

LESSEES OF STATE LEASES WITHOUT TITLE RESTRICTIONS AND WITH A RESIDUAL TENURE OF 99 YEARS OR LESS CAN PAY DIFFERENTIAL PREMIUM (DP) AND BE EXEMPTED FROM PAYING DEVELOPMENT CHARGE (DC)

Who should know

Building owners, developers, architects and engineers

Effective date

With effect from 01 September 2011

Existing Requirements

1. Lessees with State leases that do not specify the use and/or the maximum allowable intensity of the land are liable to pay development charge (DC) for any enhancement in land value arising from a development proposal.

Lessee may apply to SLA to pay Differential Premium (DP)

2. With immediate effect and subject to terms and conditions being satisfied, lessees of State leases that do not specify the use and/or the maximum allowable intensity of the land and with a residual tenure of 99 years or less, may apply to SLA to pay DP for the enhancement in land value arising from a development proposal. Once the payment of the DP is made to SLA for such cases, the lessee will be exempted from liability to pay DC and URA will grant written permission for the development proposal if all relevant planning and development control requirements are complied with. The benefit of paying DP is that the DP amount can be adjusted according to the remaining tenure of the land, a factor which is not taken into consideration in the computation of DC.

3. As there is no title restriction on the use and/or maximum allowable intensity of the land in such State leases, the basis of computing DP by SLA for any enhancement in land value arising from a development proposal for such leases will be the difference in the value of the development proposal and the value of the development baseline of the land used by URA for the purpose of DC computation. For more information on how DP is computed, please refer to SLA's website, <http://www.sla.gov.sg/htm/ser/ser0204.htm>.
4. The material date for determination of DP is pegged to the Provisional Permission (PP) date. As such, all applications to SLA to pay the DP must have a valid PP. Where the PP has been extended for a second time or more, the effective date of the extension will be the material date in determining the DP. Applications without a valid PP will be rejected.
5. The detailed steps on how the applicant can apply for the payment of DP can be found in Appendix 1 of this circular.
6. We would appreciate it if you could convey the contents of this circular to the relevant members of your respective organisations. If you or your members have any queries concerning this circular, please do not hesitate to contact the following:
 - a) URA - Ms Lai Pui Joon at Tel: 6329 3381
 - b) SLA - Ms Leow Wan Sun at Tel: 6478 3769

Thank you

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URBAN REDEVELOPMENT AUTHORITY

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Steps to apply to SLA to pay Differential Premium (DP) and be exempted from paying Development Charge (DC)

Step 1: Submission of Development Application to URA

The applicant submits a development application to URA for a State leasehold land with no use and/or intensity restriction in the lease and with a residual tenure of 99 years or less.

Step 2: URA informs applicant that he may apply to SLA to pay DP

If URA supports the development application on planning grounds, Provisional Permission (PP) will be issued. URA will inform the applicant that he may apply to SLA to pay DP for the enhancement in land value arising from the development proposal. If the applicant wishes to apply to SLA to pay DP, steps 3 to 6 apply. Otherwise, he may proceed to make a PP resubmission to URA and pay DC before Written Permission (WP) is issued.

Step 3: Determination of Baseline

The applicant submits a development baseline enquiry to URA (with payment of any necessary fees). URA will inform the applicant of the development baseline of the land (in terms of use group and gross floor area) within 4 weeks*.

Step 4: Applicant submits request to SLA to pay DP

With the development baseline information provided by URA, the applicant can proceed to submit an application to SLA (with payment of any necessary fees) to pay DP.

Step 5: SLA issues an offer to the applicant to pay DP

SLA typically issues an offer to the applicant within 8 weeks* to pay DP.

Step 6: Applicant accepts offer and pays DP

The applicant will be given 6 weeks* to accept SLA's offer and to pay DP. In the meantime, he/she may make a PP resubmission to URA (accompanied by SLA's letter of offer). URA will only issue the WP when the applicant produces the letter of acceptance, SLA's receipt for the payment of DP and after the development proposal has complied with the relevant planning and development control requirements.

Thereafter, SLA will issue the supplemental lease to reflect the use and/or intensity as declared by the applicant in the PP. Additional DP may be collected by SLA after the WP is issued if the approved use and/or intensity in the WP differs from the use and intensity reflected in the PP.

* These are indicative timeframes

FREQUENTLY ASKED QUESTIONS (FAQs)

Q1 Who will benefit from this change?

A1 Lessees with State leases that do not specify the use and/or the maximum allowable intensity of the land and with a residual tenure of 99 years or less.

Q2 What do I do if I am holding a State lease which does not have restrictions on the use and intensity and I wish to pay DP?

A2 You may apply to SLA to pay DP after the issuance of PP by URA. Please attach the development baseline information of the site when applying to SLA. The development baseline information can be obtained from URA through a baseline enquiry.

Q3 I have obtained PP prior to the announcement; can I still pay DP and be exempted from DC payment?

A3 Yes, you may still submit your application to SLA to pay DP. Once DP is paid, you can be exempted from paying DC. You should first submit a baseline enquiry to URA and enclose the baseline information in your application to SLA.

Q4 I have received an Interim Development Charge Order (IDCO) for a proposal but I have not paid up, can I still apply to pay DP?

A4 Yes, you may request URA to cancel the IDCO so that you can apply to SLA to pay DP. However, please take note that Written Permission will be delayed until the DP is paid as it may take about 2 to 3 months for URA to process the baseline enquiry and subsequently for SLA to process the request to pay DP.

Q5 I have previously paid DC for a proposal. Can I request for a refund and apply to SLA to pay DP instead?

A5 No, any DC paid cannot be refunded as Written Permissions were issued based on the earlier payments of DC.

Q6 If I have paid DC earlier for a proposal and now wish to apply for an amendment proposal, can I choose to pay DP and thereafter be exempted from paying DC for any further enhancement in value, e.g. increase in GFA or change to a higher value use?

A6 Yes, you may similarly apply to SLA to pay DP after you have obtained the PP for the amendment proposal.

Q7 How can I find out if my State leases have title restrictions on the use and intensity of the land?

A7 You will have to refer to the State titles to find out if there are any title restrictions on the use and/or intensity of the land. Duplicates of the State titles can be purchased from SLA at 55 Newton Road, Revenue House, 12th Storey.

Q8 Can I choose to continue to pay DC and not DP?

A8 Yes.