Welfare Through-Regulatory-Means:
Eviction and Repossession Policies in Singapore

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Abstract

The study and provision of welfare have long been synonymous with direct social spending. The provision of welfare through-regulatory-means poses a complementary perspective to the study of social policy. In this context, this paper focuses on policies aimed at preventing mortgage borrowers' eviction and repossession in Singapore, a world leader in state-led owner occupancy but a welfare laggard in terms of social spending. The findings show a disparity between a high rate of arrears on housing credit, and a low level of eviction and repossession. We test several explanations for this disparity, and argue that it is the result of policy aiming to minimize eviction and repossessions. This policy is driven by institutional interdependencies within the state, which have tied citizens' housing credit to other aspects of their individual welfare savings. The findings shed light on the central role of regulation in welfare.

Keywords: welfare state, regulation, social regulation, public policy, housing

Introduction

The study of the welfare state is often near synonyms with the study of social spending. Conversely, the study of welfare through-regulatory-means focuses on how the state provides welfare in ways other than taxing and spending, direct provision or social insurance. These regulatory means include regulation, tax benefits, and other non-fiscal tools (Adema & Ladaique, 2009; Castles, 1989; Garfinkel, Smeeding, & Rainwater, 2010; Howard, 2007), and can be seen as related to the study of asset-based welfare, representing a shift from social spending to individual asset building, particularly in housing (Sherraden, 1991; Flavin, Yamashita, 2002; Doling & Ronald, 2010; Finlayson, 2009; Lowe et al., 2011; Ronald, 2008; Toussaint & Elsinga, 2009; Watson, 2009; Koeppe, 2015; Walks, 2016).

These strands of literature, together with a regulatory governance approach to welfare (Levi-Faur, 2012; 2014; Mabbett, 2011a), highlight elements of social policy which are not usually captured by the varieties of welfare capitalism approach, that has generally focused on social spending and social insurance (Esping-Anderson 1990, 1999; Emmenegger, Kvist, Marx, & Petersen, 2015). While Esping-Andersen's work on types of welfare capitalism argued that the question regarding social spending is not only *how much* the state spends but indeed *how* the state does so, study of the welfare state still often equates generosity on social spending with welfare effort.

In this paper, we focus on regulatory policies aiming to prevent citizens from losing access to crucial services provided in the market, once they can no longer afford to pay for these services. We focus on regulation and subsidies in the housing sector, used together in order to prevent homeowner eviction and repossession after housing credit related debt, arrears and default. This is a socially relevant topic which has gained prominence since the Great Recession. Moreover, it is part of a growing literature on the sociology and economy of housing credit markets (cf. Schwartz & Seabrooke, 2008).

We ask how and why the state aims to prevent the eviction and repossession of housing due to debt and arrears on mortgage credit in Singapore from the early 2000's to the present. This is an interesting case as Singapore is a world leader in state-led owner occupancy, even while a perspective focused primarily on social spending might perceive this country as a welfare laggard. This case also differs from earlier discussion of regulation preventing loss of services in the European context (Haber, 2011, 2015), offering a different type of political context, with limited democratic rule and a highly centralized economy.

The development of social policy, and social protection through regulation in Singapore challenges common explanations of the development of the welfare state in the European context. Studies of fiscal welfare often focus on the needs of the beneficiaries of social programs, or the influence and resources of such beneficiaries, as in the power resource and historical institutionalist perspectives (Béland & Shinkawa, 2007; Korpi & Palme, 2003; Pierson, 1995). These perspectives assume a central role played by beneficiaries of social policy in electoral competition. The growth and resilience of social programs has been argued to be a result of their popularity amongst beneficiaries which constitute a large portion of the population (Pierson, 2001). Conversely, analysis of a non-European context in which democratic rule is limited, might suggest the need for a different explanatory perspective beyond the focus of beneficiaries and political contest and towards state institutions.

In the East Asian context, authors have stressed both different goals for social policy and different policy tools from those discussed in the European context. These include the primacy of economic over social policy, the strong role of the state, and a role for asset building, rather than redistribution, as an alternative model of social policy making. In Singapore, asset building has been carried out through two main interconnected policy tools: home ownership and worker savings in the Central Provident Fund [CPF]. (Doling & Ronald, 2010; Han, 2013; Phang, 2007; Ronald, 2007; Ronald & Doling, 2012; Vasoo & Lee, 2001)

Our findings show that Singapore has performed relatively well with regards to preventing repossessions, when compared to the European context. This is an outcome we attribute to the policies enacted in Singapore. These include an array of measures aimed at preventing mortgage repossession once borrowers have defaulted on their housing loan, such as favorably rescheduling the terms of the loan, moving households to smaller and more affordable properties, and even debt forgiveness in return for community service. This is complemented by more disciplinary measures aimed at preventing borrowers from reaching default and repossession in the first place, instead encouraging them to sell their flats in the market once in arrears.

The activist approach to the prevention of repossession is explained as the result of the institutional interdependency between two different major functions of the state: the provision of housing and housing credit, and the provision of personal welfare services through a state mandated individual savings fund. As individual compulsory savings in the Central Provident Fund (CPF) are used both for funding citizens investment in housing and other personal welfare services, the risk of repossession means a risk to the funding of old age pensions and health services (Doling & Ronald, 2010; Han, 2013; McCarthy, Mitchell, & Piggott, 2002; Phang, 2007; Ronald, 2007; Ronald & Doling, 2012; Vasoo & Lee, 2001).

The paper is organized in five parts. The first part is a brief theoretical framework. The second depicts the housing sector in Singapore and presents available data on arrears and repossessions in a comparative view. The third part focuses on the policies aimed at preventing repossession in Singapore. The fourth part offers several competing explanations for these findings, and the fifth concludes.

1. Theoretical background: Welfare through-regulatory-means and the prevention of service termination

Discussion of the welfare state has focused on social spending, social insurance and direct provision of welfare: first on how much the state spends (cf. Wilensky, 1975) and later on how, why and through which institutional arrangements the state spends or provides (Esping-Anderson 1990, 1999; Arts & Gelissen, 2002; Danforth, 2014; Emmenegger et al., 2015; Kersbergen & Vis, 2015). More recently, changes in spending and provision have been discussed through the lens of retrenchment in social spending and privatization of services. This implies a strong, enduring image of the welfare state as involved foremost in spending or providing services directly.

An alternative view of the welfare state is that of social protection by regulation in which regulatory mechanisms serve as increasingly important means of welfare provision, as opposed to fiscal instruments or social insurance (Levi-Faur, 2014). This occurred in protective trade barriers and institutionalized wage arbitration in Australia (Castles, 1989), in the provision and regulation of credit (Mabbett, 2011b), within the US educational system (Garfinkel et al., 2010), within reformed economic sectors, within the telecommunications sector (Newman, 2003) and notably within the US tax system, in tax credits, subsidized loans and other such measures (Howard, 1997, 2007; Mettler, 2010).

For example, in the Australian context, up until the 1980's, "Social protection through other means" was carried out through trade barriers protecting local industry. This allowed for higher wages and created a "wage earners welfare state", which achieved comparatively high levels of income equality, despite being a laggard in terms of social spending (Castles 1989). Similarly, Howard (1997, 2007) argues that what European states do with social expenditure and social insurance, the US does with tax benefits, subsidized loans, regulation and other policy tools, such as subsidized loans for higher education or tax breaks for employers on workers' health insurance (Mettler, 2010). Across the OECD countries, Adema and Ladaique (2009) find that cross country differences in public social expenditure decrease significantly when the tax system and private social expenditure are taken into account.

In this research, we place policy aimed at preventing the termination of services due to financial hardship within the context of this literature of welfare through regulation (or 'regulatory welfare'), and focus on the housing credit sector, and specifically on the prevention of housing credit related eviction and repossession. Recent research on this issue has found cross national differences in how access to such services as electricity, water, rail, post and pension fees is regulated in the market (Haber, 2011; Pflieger, 2014; Eckert, 2015; Haber, 2016; Benish, Haber, & Eliahou, 2016).

More specifically, in the field of housing credit, Haber found that in the UK, a 'second safety net' of regulation and subsidies was put in place in order to protect the most vulnerable of mortgage borrowers in an effort to mitigate the consequences of default and arrears in housing credit, both before and during the 2008 crisis, after a significant rise in the number of debt related repossessions. This, however, did not occur in the Swedish case, despite a rise in the relative number of repossessions (Haber, 2015). These findings are in line with similar results in the electricity sector (Haber, 2011), implying that a generous Social Democratic welfare state may do less to prevent citizens from losing access to certain types of market services than a Liberal welfare state does (Haber, 2011; 2015).

While preventing citizens from losing their home due to debt and arrears on housing credit may not have a large impact in terms of social spending, it may have a large impact on citizens well-being. The manner and the extent to which this happens is thus an important yet overlooked aspect of the study of both social and economic policy. Moreover, a shift in focus regarding the type of social protection, from spending to regulation and other similar tools, may also signal a change in the politics of- and causes for the development of social policy. A shift away from political social spending to the domain of administrative and regulatory decision making, may also mean a shift away from common explanations of the development of social policy, such as left-right partisanship or power resource theory (Korpi & Palme, 2003).

The study of Singapore extends the research agenda on the politics of access to essential services beyond the European context. It also goes beyond the varieties of welfare capitalism framework, as well as beyond existing knowledge on the use of social protection through regulation depicted above.

Singapore offers a challenge for our expectations regarding the development of social policy. First, due to its limited democratic rule, political contest and organized labor seem like less than convincing drivers for the development of social policy than they might be in western democracies. In addition, Singapore's highly internally regulated, export-led strategy for economic development (Jones, 1997) also signals at state priorities being focused primarily on economic development, rather than on social protection. This might shift the explanatory focus from the political power of the left or the popularity of welfare programs among beneficiaries to a focus on state interests and institutions (Koreh, 2015; Kpessa, Béland, & Lecours, 2011). In this view, building and reforming the welfare state are an exercise in consolidating the state's capacities, authority or resources.

More specifically, in the field of housing, Singapore offers a unique case study as it comprises the highest rates of owner-occupancy globally, primarily through state led development and sale of flats. At the same time, Singapore is considered a welfare laggard when seen from a perspective stressing social spending and direct provision of public services. Instead, it has been argued to follow a different pattern of social protection, in which homeownership is a central tenant (Ronald & Doling, 2012). This makes the question of eviction and repossession prevention highly salient in this context, especially since borrowers do not seemingly receive much support through social spending. This offers a unique opportunity to study whether and for what reasons welfare through regulation develops in the absence of a European style welfare state.

The time period under study was chosen as it covers the years before and after the 2007/8 Great Recession and global housing crisis. The crisis in this case serves to highlight the existence and effect of policies preventing eviction and repossession, which may only become visible in times of economic turmoil.

We offer three main explanations for the use of social policy through-regulatory-means. First, we suggest a 'benevolent state' argument, in which the state pursues a 'social mission' to house its citizens, which extends beyond housing to preventing repossession once housed. Second, we suggest a state and economy building explanation, in which social policy is aimed at promoting social harmony and economic growth (a common explanation in the East Asian context). Third, we suggest an institutional perspective, focusing on interdependencies within the state, in which the ties between different policy areas (housing and welfare) lead to the development of social protection preventing eviction and repossession.

2. Housing Eviction and Repossession in Singapore: A Comparative View

In Singapore, the state has made a concentrated effort to create a homeowners society, leading to one of the world's highest owner occupancy rates, at 90.8%, of which 80.1% (in 2015) lived in Housing and Development Board (HDB) built dwellings (Department of Statistics, Ministry of Trade and Industry 2010; Department of Statistics Singapore 2015). Social renting comprises only 4% of the housing sector, and is aimed only at society's most vulnerable groups. The state established the Housing and Developing Board (HDB) in 1960, aimed at providing mass public housing. Four years later, the HDB began offering housing units for sale at below market prices, on a 99-year leasehold basis (Kim and Phang 2013). The percentage of residents in HDB properties (rental and owner occupied) has risen from 36% in 1970 to upwards of 80% in recent years (Kim & Phang 2013).

In Singapore, loans for housing can be obtained from the banking sector or from the state. Loans from the banking sector can be used for acquiring property in the private sector (roughly 10% of the housing sector), and may also be used to finance the purchase of an HDB flat. This followed a liberalization of the HDB loan market in 2003 (Monetary Authority of Singapore, 2004). Borrowers might opt for a bank loan if they are not eligible for an HDB loan (see below), or if market rates are lower than the HDB's set interest rate.

In the public sector, historically (1970-2000), HDB loans comprised more than 50% of housing loans (Phang 2007; Phang & Helble, 2016). Until liberalization in 2003, HDB made both market rate and subsidized (or 'concessionary') loans. Subsidized loans have a fixed interest rate and are based on eligibility criteria such as earnings, family status, type of property and previous ownership of an HDB flat or other property. After liberalization, HDB only gives concessionary loans, and the share of bank loans has subsequently increased (Phang & Helble, 2016).[1]

There is a marked difference in arrears between private and public sector loans, as the delinquency rate on HDB loans is much higher. In the banking sector, between 2004-2015, the three-month delinquency rates on housing credit loans in the banking sector has declined from a high of 1.6%[2] in 2004, to roughly 1.0% in early 2007, to as low as 0.3% in 2015 (Monetary

[1] The 2015 CPF report gives the following data on the number of borrowers paying for housing credit using CPF funds: $7,470.5 million was withdrawn by 515,823 CPF members to pay for their flats financed with HDB loans, while $2,857.5 million was withdrawn by 215,469 CPF members to pay for their flats financed with bank loans". An additional "$4,690.4 million was withdrawn by 188,640 CPF members to pay for their private properties and [executive condominiums]" (Central Provident Fund 2015, 33).

[3] Full data on this type of credit delinquency for these years is available on the Monetary Authority of Singapore's website

Authority of Singapore 2015, Phang & Helble, 2016, 10).[3] As table 1 shows, the delinquency rates on HDB concessionary loans were significantly higher during the equivalent period, peaking at nearly 8% in 2008 (Tan 2008).

Table 1 here

Another indicator available regarding the extent of financial issues faced by borrowers in HDB flats is the number of requests for financial assistance approved by HDB. Data is readily available from HDB for 2008-2016 (Infocomm Development Authority 2016), ranging from over 6,000 approved applications in 2009, to over 2,000 in 2016. Earlier data, cited indirectly from the HDB annual reports (Hian 2007, 2010, 212), indicates a much higher level of assistance requests approved, spiking at nearly 40,000 in 2003.

The overall number of repossessions leading to borrowers losing their homes in both the public and the private sector is relatively low, even negligible, around several hundred per year. In the private sector, data on properties repossessed by banks and sold at auction ('mortgagee sale'), including both residential and commercial property,[4] shows that the number of such sales increased sharply from 1998 to 2005 and then declined gradually to several hundred until 2014 (table 2).

In HDB flats, repossession data is occasionally disclosed in response to parliamentary questions (table 2). The number of HDB flats repossessed and sold by the banks increased from the mid 2000's to 2009 and then declined. Complementing this picture, HDB carried out 202 compulsory acquisitions on flats from January 2012 to December 2014 (Heng 2015). [5]

** Table 2 here **

Thus, available data on Singapore shows a much higher rate of arrears on HDB loans than on bank loans, and at the same time a relatively negligible rate of repossessions in practice in both cases. This indicates a large gap between the arrears and repossessions in HDB flats.

[3] Full data on this type of credit delinquency for these years is available on the Monetary Authority of Singapore's website

[4] In 2014, 77.4% percent of repossessions were of residential property (Propertyguru, 2014).

[5] Compulsory acquisition can also occur due to other breaches of the HDB lease, such as illegally subletting, or letting to an illegal immigrant. In other words, the number of HDB flats acquired due to default on housing credit may be lower than this figure.

While arrears always outnumber repossessions, often as this is in the best interest of lending institutions (Andersson and Wilhelmsson 2008), the disparity between arrears and repossessions in HDB flats is intriguing, especially since it is much larger than that regarding bank loans.

Singapore in Comparative Perspective

In order to gain a wider perspective on the data from Singapore, we present below data from a wider subset of countries. Data collected by the European Commission regarding 2007-2009 is presented below (Figure 1). It shows that delinquency rates (3 months of arrears) in 22 European countries (for which data exists in these years) ranged from an average high of 4%-7% to a low of 0.1% (European Commission 2011). The average delinquency rate for bank loans in Singapore in these years (roughly 0.8%) places it in the low range of the sample. However, the data regarding HDB loans (7.5% on average for 2006 and 2008) place it at the high end of the sample. To this data we have added existing data on arrears in Hong Kong (HK), a similarly small open East Asian economy.

Hong Kong Monetary Authority (HKMA) publishes a monthly Residential Mortgage survey, showing that between 2000 and 2016 the delinquency rate on housing loans in the banking sector has declined significantly since its peak in the early 2000's, when it stood just over 1% of mortgages (1.3% in October 2000). The delinquency rate has been on the decline since, dropping to 0.09% in 2008 or even 0.01% in 2012. An additional available measure in HK is the 'rescheduled loan ratio', which loans which have been adjusted due to financial hardship and represent non-commercial terms for the lender (Banking Policy Department, 2003), which stands at roughly 0% (Hong Kong Monetary Authority 2000-2016).

Figure 1 here

Available data on repossessions is more limited and difficult to compare across countries. However, it can be compared across examples of different types of welfare states, below represented by a social democratic case (Sweden), Liberal Cases (the UK and Ireland) and two conservative cases (Spain and Italy). Thus, in Sweden, the rate of repossessions nearly doubled between 2007 and 2011, going from 1,904 in 2007 to 4,024 in 2011 (Haber 2015). Similarly, in the UK, repossession rates doubled after the 2007 crisis, rising from roughly 26,000 in 2007 to nearly 50,000 in 2009 and again declining to just under 30,000 in 2013 (Department for Communities and Local Government 2014). Spain, which experienced a high number of repossessions, saw 110,000 repossessions between 2008-2010 (representing 2% of all household with a mortgage), and a subsequent rise of "94,500 in the first two trimesters of 2012" (Fuentes et al., 2013, 1208). Likewise, the number of repossessions in Italy rose from 37,000 in 2010 to 45,000 in 2011, which works out roughly to 1.61% of all households with a mortgage.

A case similar to that of Singapore is that of Ireland, in which the rate of arrears has been relatively high (in the tens of thousands of mortgages), while repossessions only numbered in the hundreds annually. Fuentas et al. (2013, p. 1198), argue that "[a]ctive anti-eviction policies of both the Irish government and the banking sector have contributed to this remarkably low level of repossessions".

The rate of housing credit related repossessions is thus relatively low in Singapore, following a peak in the early 2000's. In Singapore this is the case even when the delinquency rate on HDB housing credit is comparatively very high, compared with the private banking sector and with other cases such as Hong Kong. Singapore's high rate of borrowers in arrears and actual repossessions suggests a puzzle: why has Singapore performed relatively well in international terms, and more specifically, how has Singapore maintained a low repossession rate despite a high level of arrears on HDB flats? The role of policy is discussed below.

3. Policies preventing eviction and repossession

In Singapore, the HDB implements several different kinds of measures in order to assist mortgage borrowers in the public owner-occupied housing sector. HDB will call, organize a meeting or a home visit in order to understand the situation of the household in arrears. It employs housing counselors in every HDB branch, offering financial advice. Assistance measures include changes to the mortgage terms, such as rescheduling the length of the loan, temporarily deferring mortgage payments or temporarily reducing the amount of repayment, or adding additional family members as owners of the property in order to allow for their CPF savings to add to the mortgage repayments. Additional types of measures include the use of a grant/subsidized loan for the repayment of arrears, or moving the borrower's household to a smaller property (Legislative Council Secretariat 2013).

HDB will allocate a temporary rental accommodations apartment to borrowers who still face these difficulties after these measures were taken. Compulsory acquisition may occur after three months of arrears, but the Minister of State for National Development states that in practice this process takes longer than that. The period of notice of the HDB's intent to acquire the flat can be as long as a year (Parliament of Singapore 2015; Heng, 2015). Another measure taken in a similar context is that of debt forgiveness in return for community service, although applied regarding "service-and-conservancy charges", rather than mortgage debt. HDB will acquire the flat for 90% of its market value, so that "flat owners do not enjoy undue financial gain as a result of the acquisition" (Asiaone 2011).

It should be noted in this regard, however, that the access of borrowers to this kind of assistance is not automatic. It is aimed at homeowners in financial hardship, is subject to verification of their income and assistance is given "based on merits of each case" (Housing Development Board 2016).

The state's professed approach to addressing the risk of repossession can be seen in the words of a senior parliamentary Secretary for National Development: "HDB will counsel families on ways to solve their problem, e.g. rent a room or downsize, and extend a host of assistance measures to help the family. Even when compulsory acquisition is inevitable, HDB will ensure that the family has alternative housing available, be it IRH [Interim Rental Housing] or rental flats (Parliament of Singapore, 2011).

However, it seems that this kind of social protection applies only for properties under HDB management. For borrowers in the private home ownership sector, "The HDB … will not and cannot intervene because a loan is a private contract between a mortgager and the bank"

(Yeung 2007). Similarly, HDB flats financed via bank loans are not protected in the same way a similar flat purchased via an HDB loan would have been. Concern over this issue was voiced in Parliament, following the announcement of the reform which allowed banks to finance HDB flats. As one MP remarked, "… with the change to allow banks to have their first-charge on mortgage loans, I am not confident how readily they can listen to the lower-income's pleas for compassion".

He added:

> "there will be no more safety nets for this group of people. Should they default…we will have a problem in our hands… The HDB has used its own discretion and exercised moral responsibility in extending different schemes to this group to help them tide over difficult times. But the commercial banks will not care. They will look at the bottom-line" (Parliament of Singapore 2002a).

The prevention of borrower default is not only through assistance to borrowers, but also through imposing relatively harsh consequences on those whose properties are eventually foreclosed. Properties foreclosed by HDB are foreclosed at 90% of their HDB valuation, so that the borrower loses not only this additional 10%, but also whatever difference exists between the HDB valuation and the market value. Second, regarding bank loans, a high penalty interest rate is enacted once the loan goes into arrears, and the ultimate value of the property is determined at auction, meaning the value of the sale is uncertain and may be lower than the outstanding debt (Hian 2013). As one observer commented, "no one in his or her right mind would be stupid enough to wait for foreclosure … you may be literally forced to sell in the open market as advised by the HDB or the bank, and practically everyone else" (ibid).

Selling an HDB flat in the market, however, may spell other problems for borrowers as well, due to various HDB restrictions. HDB restricts access to loans (typically to two loans per citizen), and there is a cooling off period for buying a new flat after the sale of a previous HDB flat. Second, there is a 'windfall tax' on the profits from the sale of an HDB flat, payable when a new HDB flat is purchased, placing another barrier for those who sold their previous flat under financial stress. More pressing, perhaps, is a mandatory 30 month waiting period for eligibility to public rental housing for those who previously owned an HDB flat (Housing Development Board n.d.). These restrictions can be seen as a disincentive to borrowers 'rightsizing' to a smaller flat even if in financial difficulties.

The extent to which repossession was 'self-prevented' through borrowers in difficulties selling off their property in the market can be estimated from the change in the rate of the reselling of HDB flats after the financial crisis. Thus, while the average number of HDB flats resold annually (2007-2015) is 25,752, the two years in which resale peaked were 2009 and

2010, at 37,205 and 32,257 flats, respectively. This hints at roughly just under 20,000 additional sales during these years, which may at least in part be attributed to sales due to economic hardship (Housing Development Board 2016).

4. Explaining repossession prevention policies

The low levels of housing credit related repossession in Singapore is related to an active approach taken in this case to preventing repossessions in HDB flats. The question is then, why has the state acted to prevent or mitigate eviction and repossession of housing credit borrowers due to debt and arrears?

A first answer suggests that this is the result of an issue with the data collected, as incomplete or misleading. This is because the data on evictions and repossessions was mainly collected from parliamentary answers, and is not published on a regular basis. While this is a weakness of the data, it may also be noted that they are complemented by other indicators related to housing, such as the level of arrears, and figures on the extent of requests for state social assistance to those facing repossession. These indicators are all internally consistent with the claims regarding a relatively low level of repossessions. Correspondence we have carried out with local experts verified the unavailability of publicly published data, and did not view our findings out of line with their knowledge in the field.[6]

A second possible line of explanation might be taken from the literature on social policy change and the development of the welfare state as the result of the popularity of social programs among voters and the political power of organized labor. These explanations seem to fall short in Singapore, dominated by the same political party since the 1960's (the People's Action Party [PAP]). Trade Unions ability to engage in industrial action or collective bargaining is limited by law, and their societal role has been described by one scholar as a "Collaborative social partnership under PAP hegemony" (Leggett, 2008, p. 102).

A third explanatory perspective, favored by the political actors themselves, is a public-interest view of public policy and social policy making (Croley, 2009). In this view, a benevolent state holds a "social mission", as one Singapore MP put it (Parliament of Singapore 2002), to protect citizens from harm. This is an appealing explanation as it meets normative expectations of the manner in which politicians and bureaucracy should act. A counter

[6] N.M. Yip (personal communication, February 13, 2015); S.Y Phang (personal communication, February 2nd, 2013); A. Cheong (personal communication, February 6, 2015).

argument to this view is the manner in which the state has emphasized not only social assistance preventing eviction and repossession, but also the restrictive and punitive measures aimed at those facing debt, arrears and repossession (for example, restricting access to further HDB credit or housing). That is, discipline is stressed no less than benevolence.

A fourth explanation draws on the literature on the development of social policy in East Asia. This highlights the role of the welfare state in state building, either on the economic or the societal level, and views social policy as a tool for achieving social harmony, or as a tool of economic development. This type of explanations has been given regarding the making of the public housing sector in Singapore. In Lee Kuan Yew's own words, it intended to give "every citizen a stake in the country and its future", especially given the requirement for compulsory military service (Cited in Phang 2007, 21). Similarly, the CPF in Singapore serves also for the aggregation of resources at a 'near soviet level', serving as an important driver in Singapore's economic growth (Jones, 1997).

However, even if we accept state building, as the overarching explanation for the development of the housing sector and the 'homeowners society' more generally (through enhancing social harmony or increasing economic growth), this does not necessarily explain why the state might aim to reduce the number of repossessions. First, assisting borrowers in financial difficulties might actually undermine the goal of 'homeowners' society', increasing the risks of lending through an implicit promise of lenience after default and creating a moral hazard for borrowers.

Moreover, the overarching explanation of state building, while compelling, does not account for differences in policy between different types of borrowers, for the specifics of the policies in question, and for changes over time in policy. This variety prompts us to look for an alternative explanatory lens.

Instead, we suggest a focus on the historical-institutional features of the state, specifically the manner in which housing and welfare are related to one another in Singapore. More specifically, we argue that in Singapore, the protection of HDB borrowers from eviction and repossession is related to the manner in which mortgage borrowing is financed via the CPF, tying housing credit to retirement and healthcare savings.

Institutional interdependence in Singapore

The ownership of HDB flats is closely tied to savings in the CPF, as the two are considered the "two primary policy mechanisms that promote asset accumulation among Singaporeans over the life course" (Han, 2013, p. 61). However, the connection between the two institutions means that the risks are transferred from one domain to the other as well. As noted by McCarthy et. al., homebuyers in Singapore are likely to be “asset rich and cash poor” as long as housing prices are on the rise. Otherwise, “if the housing market were to take a downturn and remain depressed for years […], this could reduce retirement asset accumulation substantially” (McCarthy et al., 2002, p. 215). This is a risk which attracted not only scholarly attention but government action as well, which took steps to alleviate this risk through “capping CPF savings available for home purchase and providing alternative asset investment vehicles for CPF account holders” (Ronald & Doling, 2012, p. 951; see Phang, 2007 for a list of problems regarding the connection between housing and retirement in Singapore).

After the 1997 crisis, East Asian governments were led to support declining property prices, as their fall threatened “not only the national wealth built up in housing property, but also the ability of households to draw on housing assets for welfare needs” (Ronald & Doling, 2012, p. 953). In Singapore, this meant limiting construction of new HDB flats, while also relaxing eligibility criteria for new buyers (Ronald & Doling, 2012, p. 953). As will be argued below, this logic applies to the prevention of repossession as well.

In Singapore, HDB buyers finance the purchase of these flats through the use of their savings in the CPF. Through worker and employer contributions (as high as 17 and 20 percent, respectively), CFP savings are used to finance retirement, healthcare and the purchase of housing, allowing for buying the property and for financing monthly mortgage payments (McCarthy et al., 2002; Phang, 2007, p. 200).

State finance for buying an HDB flat extends beyond the use of this form of mandatory savings. That is, new HDB flats are sold at below market prices, and buyers can choose to take out a concessionary loan from HDB at a fixed interest rate, at .1% higher than the interest paid on the CPF savings. Moreover, eligible buyers (e.g. first time buyers) may also receive up to $80,000 (roughly 60,000 USD) in housing grants.

Taken together, this investment of state funds would represent a large transfer in any welfare state context, let alone in Singapore, especially as much of the welfare system is based on individual CPF savings. That is, the repossession of a flat and the loss of at least part of its value represent a significant loss of welfare for citizens, and more specifically a significant risk for old age. That is, repossession would mean a loss not only of home, but also of livelihood in old age.

This connection is acknowledged in several aspects of policy. First, in determining the amount borrowers may use from their CPF savings, the age of the borrower and the length of remaining lease are taken into account, allowing for a sufficient reserve for retirement. Second, HDB buyers using the CPF are required to take out an insurance (the 'home protection scheme') which would cover the mortgage in case of death, terminal illness or total permanent disability (Central Provident Fund Board n.d.). Third, if repossessed, HDB has the 'first charge' to the property, meaning proceeds from a sale go first to cover the HDB loan, and the second charge goes to the CPF fund. Finally, flats are explicitly considered a means of financing retirement in their own right. Under a targeted, means tested scheme entitled 'Lease Buyback Scheme', the government buys back a portion of the lease on an HDB property (for example, 30 years off of a 99 year lease) (Ronald & Doling, 2012). This allows the retired household to remain in the flat for the remaining years on the lease, as the proceeds from the sale are then deposited in their CPF account to be used as part of their retirement funds.

The connection between HDB flats and CPF savings was addressed directly by policy makers in 2003, when the banks were allowed to give commercial (market interest) loans for the purchase of HDB flats. Until this reform, HDB gave both commercial and concessionary (subsidized, fixed rate) loans for the purchase of HDB flats. The government explained that this would allow the HDB to focus on providing universal access to housing to the majority of Singaporeans. Other borrowers, such as those buying for the third time, those who own other property, permanent residents, or those with a high income would all now fall outside of HDB responsibility, and would be served by the banking sector.

This transition towards the partial marketization of housing credit was accompanied by measures both facilitating and inhibiting lending related to the CPF. Previously, the CPF had first charge on the proceeds from a repossession of a property whose purchase was done through the fund. After reform, the bank was given first charge. However, at the same time, borrowers were limited in the amount they could withdraw from the fund (150% and later 120% of the property's value). In a ministerial reply during a later Parliamentary debate, the minister from the Prime Minister's office explained that "[t]he prudent valuation limit on use of CPF funds for mortgage payments will prevent the erosion of hard earned savings", and will also serve to stabilize the housing market" (Parliament of Singapore 2002b).

Thus, the need to prevent the erosion of 'hard earned savings' drives measures protecting citizens as borrowers and as CPF savers, in both private and public lending. In HDB's loans this is done via HDB's discretion, through assistance but also restrictive regulation. A similar if more limited effect can be seen in the banking sector, through limiting the amount of the loan, but perhaps more significantly via limiting the target audience of bank loans to a generally more affluent type of buyer.

We conclude that the policies enacted in Singapore are the result of institutional interdependencies between housing and life savings in the CPF. While this connection is a well-known fact to scholars of the East Asian housing and welfare contexts, it is useful again even in this context in highlighting and explaining the issue of policy towards repossession, and the gap between high levels of indebtedness and low levels of repossessions. Beyond the East Asian context, this perspective highlights the role of regulation in the prevention of repossession and in social policy, and highlights the factors which may drive it.

5. Conclusions

The current study highlights the occurrence of social policy through regulatory means beyond the European context. At the same time it hopefully represents the emergence of regulatory governance perspective on housing (Levi-Faur, 2014) and the increase in the attention for regulatory governance practices more generally (Ladi, & Tsarouhas, 2017; Koop & Lodge, 2017). Common explanations for the development of welfare policy in western democracies hold limited explanatory value in understanding welfare via regulation in this case. In doing so, the study offers more general lessons for the study of housing or welfare and welfare through-regulatory-means in other contexts. The study highlights how the politics and determinants of its development should be studied beyond the arenas of party-political conflict, in this case, in the institutional interdependencies between the different roles of the state.

The findings suggest the occurrence and significance of social policy aimed at ensuring citizens' access to services provided in the market. This study adds to a growing number of studies which show the prevalence and the variety in the use of this kind of policy in different policy sectors and national settings, including electricity, housing credit, water and pension fees, in the UK, Sweden, Israel and the EU (see for example Haber, 2016; Benish et al., 2016).

This issue gains prominence as the pressures of privatization, liberalization and commercialization in public services are met with different institutional setups in different countries leading states and other policy actors to respond to termination of public and once-public services. While it might have been assumed that the pressures of economic reform, welfare austerity and globalization and the increased role for non-state actors in the provision of public goods would lead to a withdrawal of the state from protecting citizens' access to services more generally, this has not been the case in this study.

This case also highlights the incomplete picture painted by the focus on social spending and insurance. Singapore represents a modest overall welfare effort in terms of social spending, but offers strong protection against repossessions. Thus, our understanding of the welfare state is incomplete unless the manner in which the state regulates the relation between service providers and citizens in the market is considered. This is in line with the counter intuitive finding from earlier comparative research in the European context (for example in the electricity sector), in which the protection of vulnerable citizens is stronger in less generous welfare states (the UK and Israel), and nearly nonexistent in generous cases (Sweden) (Haber 2011).

Finally this study again highlights the connection between social policy and economic growth and stability. While the two are often seen as conflicting (Hopkin & Blyth, 2011), this study shows how they may be seen as mutually supportive, as the prevention of repossession for individual borrowers amounted to the prevention of a potentially large scale destabilization of not only the housing and housing credit sectors in Singapore, as well as the stability of the CPF more generally.

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Table 1: Delinquency Rates on HDB loans, 2006-2012

Year	% HDB Loans in arrears
2006	7%
2008	8%
2010	6%
2011	5.6%
2012	5.2%

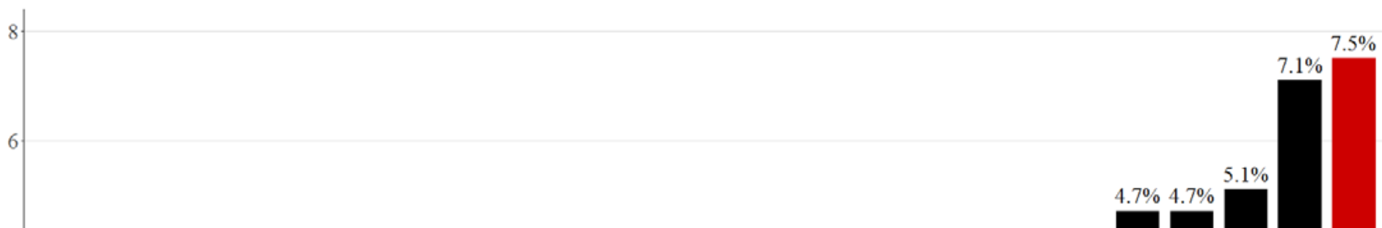
Sources: Hong 2007, Tan 2008, Ministry of National Development 2013

Table 2: Private and HDB Properties Repossessed and Sold in Singapore, 1998-2014

Year	Repossessed Properties Sold, **Private Sector***	**HDB flats** Repossessed and/or Sold**
1998	452	-
1999	839	-
2000	1,102	-
2001	1,427	-
2002	1,654	-
2003	2,006	1,445 Repossessed, 895 Sold
2004	2,462	
2005	2,316	
2006	1,418	
2007	646	
2008	270	505 Repossessed
2009	195	711 Repossessed
2010	103	-
2011	39	-
2012	24	69 Repossessed
2013	32	-
2014	159	-

Sources: * PropertyGuru 2014 ** Today 2007, Ong 2013, Heng 2015

Figure 1: Average Housing Credit Default Rate, Selected Countries, 2007-2009



Source: For Singapore, data on HDB credit is from Hong 2007 and Tan 2008; on the banking sector, data is from the Monetary Authority of Singapore, 2015. For HK: HKMA, Residential Mortgage Survey 1997-2014. For the rest of the countries, European Commission 2011. Data should be treated with care.