



## Enhancing the Vibrancy of HDB Heartlands

*Encouraging entrepreneurship, supporting shop owners with upgrading works, extending more help for social enterprises, and providing more affordable food options for residents*

At MND's Committee of Supply debate today, the Senior Minister of State for National Development Sim Ann announced a slew of initiatives to enhance the vibrancy of our HDB heartlands.

<b>Revitalising neighbourhoods and supporting heartland shops</b>	<ul style="list-style-type: none"><li>• Encouraging entrepreneurship through the Enhanced Entrepreneur Scheme</li><li>• Facilitating physical upgrading, by Enhancing the Revitalisation of Shops (ROS) Scheme and reducing shop owners' share of upgrading costs</li></ul>
<b>Building inclusiveness in the heartlands</b>	<ul style="list-style-type: none"><li>• Providing more assistance for social enterprises and businesses with inclusive hiring practices</li></ul>
<b>Providing more affordable meal options</b>	<ul style="list-style-type: none"><li>• Increase budget meal options in more HDB coffee shops</li></ul>

2 Heartland shops are an integral part of the daily lives of many Singaporeans. The Heartland Shops Study, which concluded last year and involved over 2,800 stakeholders, found that Singaporeans see heartland shops as key activity nodes that inject vibrancy and build inclusiveness in their neighbourhoods. Heartland shops also provide the community with affordable goods and services. Those surveyed also hoped that our heartland retail scene could be refreshed, revitalized and made even more vibrant.

## **Revitalising Neighbourhoods and Supporting Heartland Shops**

### a) Encouraging entrepreneurship through the Enhanced Entrepreneur Scheme

3 The Entrepreneur Scheme was first introduced in 2018 to encourage start-ups or existing businesses with innovative and productive business models to set up businesses in HDB's new generation neighbourhood centres (NCs) by allocating them HDB shop spaces at these NCs.

4 HDB will work with Enterprise Singapore to enhance the Entrepreneur Scheme by identifying promising and innovative entrepreneurs to set up businesses in the heartlands and assessing their eligibility to do so. This will help to refresh and boost the range of goods and services offered in HDB estates.

5 To encourage promising start-ups to set up shop in our heartlands, more support will be provided to budding entrepreneurs. Eligible start-ups will benefit from a 10% rental discount for their first 3-year tenancy. They will also be allocated HDB shop spaces beyond new NCs. This will allow start-ups to operate from more HDB shop spaces, included those located in existing NCs and precinct clusters.

### b) Enhancing the Revitalisation of Shops (ROS) scheme

6 To enhance the vibrancy and competitiveness of HDB shops, HDB provides co-funding to help retailers carry out improvement works at the common area under the Revitalisation of Shops (ROS) scheme. The ROS was recently enhanced in January 2023, to allow upgrading to proceed with a minimum of 75% support from retailers (down from the previous requirement of 100% consensus), so more shops are able to take-up and benefit from the scheme.

7 HDB will further enhance the ROS scheme to support retailers in upgrading their shopping environment by reducing their co-payment portion. Currently, shop owners co-fund 20% of the upgrading costs, capped at \$5,000. HDB and the Town

Council co-fund the balance 70% and 10% respectively, capped at \$30,000 per sold shop.

8 With the additional co-funding support, shop owners will now co-pay 5% of the upgrading cost, down from 20% previously. HDB will correspondingly increase its co-funding share to 85%, up from 70%. The total budget for upgrading works will remain unchanged at \$35,000 per shop.

9 To encourage shop owners to carry out shopfront improvement works in tandem with ROS upgrading, HDB will also introduce a new funding category for optional works. HDB will co-fund 80% of the costs, capped at \$3,000, for shop owners who opt to carry out improvements to their shopfronts, such as installing vertical blinds or roller shutters, while their precinct undergoes ROS upgrading.

## **Building Inclusiveness in the Heartlands**

### c) Providing more assistance for social enterprises and businesses with inclusive hiring practices

10 HDB also plays a part to promote inclusiveness in the heartlands by providing affordable shop spaces for new or growing social enterprises. Currently, eligible social enterprises<sup>1</sup> and businesses with inclusive hiring practices<sup>2</sup> can apply to be allocated a shop space and benefit from a 20% rental discount for the first 3-year tenancy.

11 To provide more support for these enterprises, HDB will increase the rental discount from 20% to 30% for a 3-year tenancy, and upon renewal, extend the rental discount for a subsequent 3-year tenancy. Up to 30 shop spaces will also be made available for direct allocation each year, double the current 15 units.

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<sup>1</sup> Social enterprises (SEs) must be members of the Singapore Centre for Social Enterprise (raiSE) to be eligible for shop space allocation and rental discount under HDB's Social Enterprise Policy.

<sup>2</sup> Businesses with inclusive hiring practices have to be supported by SG Enable and hire Persons With Disabilities (PWDs) and Persons with Special Needs (PSNs) to meet more than 20% of their manpower needs.

## **Providing more Affordable Meal Options**

### d) Increase budget meal options in more HDB coffee shops

12 To ensure that residents have access to affordable meal options, HDB provides a good supply of coffeeshops across all HDB estates. Since 2018, new HDB coffeeshops have been let out via Price-Quality Method (PQM) tenders. This has allowed HDB to ensure more sustainable rents, as Price-Quality Method tenders are reviewed holistically based on a range of criteria beyond rent alone, such as affordability considerations. Compared to the e-bidding system before, the PQM tenders have reduced rental rates for new coffee shops by an average of 27% since its implementation in 2018. In addition, tenderers who bid for new HDB rental coffeeshops must provide budget meals at six stalls as well as a budget drink as an affordable option for customers.

13 To provide more affordable meal options for residents, we will be extending the budget meals requirement beyond coffeeshops let out via Price-Quality Method tenders. From May 2023, all rental coffeeshops due for renewal will also need to provide four budget meals and two budget drinks, as a condition for renewal of their tenancy. This means that budget meals will progressively be offered at all 374 rental coffeeshops by 2026, up from the current 72. To ease the transition for coffeeshop operators and stall holders, HDB will be offering a small rental discount of 5% off the market valuation-based renewal rents for a period of one year, from the time that the new budget meals/drinks requirement is in place.

## **Supporting Heartland Shops to Meet Residents' Needs**

14 HDB shops play an important role in the community by providing residents with convenient access to essential goods and services. They also serve as a social node for residents to mingle and enhance the vibrancy of the heartlands. HDB will continue to support heartland shops to ensure that they continue to meet the needs of residents.

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## Annex A - Entrepreneur Scheme

The Entrepreneur scheme was first introduced in 2018 to encourage start-ups or existing businesses with innovative and productive business models to set up businesses in HDB's new generation neighbourhood centres.

Table: Changes to Entrepreneur Scheme

	<b>Current Scheme</b>	<b>Enhanced Scheme [New]</b>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Businesses set-up within the last 1-2 years with good following and reviews, or innovative models.</li> </ul>	<ul style="list-style-type: none"> <li>Applications will be assessed by <b>EnterpriseSG</b>, viz. a set of proposed selection criteria and scoring guide in terms of innovation, business model, resource allocation and offerings to the local precinct.</li> <li>Suitable entrepreneurs will be recommended by EnterpriseSG to operate at HDB premises.</li> </ul>
<b>Rental Discount Benefits</b>	<ul style="list-style-type: none"> <li>Nil</li> </ul>	<ul style="list-style-type: none"> <li>10% rental discounts to the new entrepreneurs for their first 3-year tenancy term</li> </ul>
<b>Allocation and Quota</b>	<ul style="list-style-type: none"> <li>HDB will set aside up to 5% of shops at new NCs for direct allocation</li> </ul>	<ul style="list-style-type: none"> <li>HDB will set aside up to 10% of the vacant shops (equivalent to ~30 shops per year), for direct allocation.</li> <li>HDB to expand the scheme beyond new NCs to include existing neighbourhood centres and precinct shops, where possible.</li> </ul>

## Annex B – Revitalisation of Shops Scheme (ROS)

To improve the shopping environment for residents, HDB provides co-funding under the ROS to help retailers carry out improvement works for the common areas as well as shop fronts. 25 town centres and neighbourhood centres have been upgraded under the scheme since it was introduced in 2007.

2 To qualify for the ROS Scheme, the retailers must be represented by a Merchants' Association (MA). The MA may choose to take up all or a combination of the following components of the scheme.

Table: Enhanced ROS Scheme

Items	Current Scheme	Enhanced Scheme <i>[New]</i>
Funding for upgrading of common areas	<ul style="list-style-type: none"> <li>Upgrading budget of \$35,000 per shop</li> </ul>	
	<ul style="list-style-type: none"> <li>Shop owner pays 20%, capped at \$5,000</li> <li>Balance 80% paid by HDB (70%) and Town Council (10%)</li> </ul>	<ul style="list-style-type: none"> <li>Shop owner pays 5%</li> <li>Balance 95% paid by HDB (85%) and Town Council (10%)</li> </ul>
Funding for optional shopfront works (e.g. installation of vertical blind or replacement of roller shutters)	<ul style="list-style-type: none"> <li>N.A.</li> </ul>	<ul style="list-style-type: none"> <li>Shop owner pays 20%</li> <li>HDB pays 80%, capped at \$3,000 per sold shop</li> </ul>
Funding for promotional activities	HDB will continue to co-fund up to 50% of the expenditure for such promotional events, subject to an annual cap of \$500 per sold shop and \$1,000 per rental shop	
Rent-free period	Tenants will continue to enjoy up to one month of rent-free period when they renovate their shops in conjunction with ROS upgrading	
Funding for formation of Merchants' Association	HDB provides a Start-up Fund of \$10,000 to encourage shops from HDB town/ neighbourhood centres without Merchants' Association to form one	
Funding for engagement of consultants	HDB will fund up to \$10,000 for Merchants' Associations to engage consultants for ROS upgrading	

## Annex C – Social Enterprise Policy

Introduced in 2012, HDB’s Social Enterprise Policy aims to help new or growing social enterprises by providing affordable spaces in our heartland shops for their operations.

Table: Refreshed Social Enterprise Policy

	Enhanced SE Policy in 2019	Enhanced Scheme <i>[New]</i>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>raiSE member SEs<sup>[1]</sup>, or</li> <li>SG Enable-supported inclusive-hiring businesses (IBs) which hire PWDs/PSNs for <math>\geq 20\%</math> of their manpower on premises<sup>[2]</sup>.</li> </ul>	
<b>Rental Discount Benefits</b>	<ul style="list-style-type: none"> <li>20% discount for first 3-year tenancy, capped at \$12psm (i.e. the enhancement benefits SEs with units <math>&gt;50m^2</math>)</li> </ul>	<ul style="list-style-type: none"> <li>30% discount for default 3+3 year tenancy, capped at \$18psm (i.e. the enhancement benefits SEs with units <math>&gt;50m^2</math>)</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>Direct allocation of a shop of their choice from any of HDB’s vacant commercial properties, at valuer-assessed market rent.</li> </ul>	
<b>Quota</b>	<ul style="list-style-type: none"> <li>The total allocation is capped at 5% of vacancies (i.e. ~15 units per year across all of HDB’s commercial shops).</li> </ul>	<ul style="list-style-type: none"> <li>The total allocation is capped at 10% of vacancies (i.e. ~30 units per year across all of HDB’s commercial shops).</li> </ul>

[1] SEs are business entities set up with clear social goals, to fulfil their social gaps and needs. The sector developer is the government-linked Singapore Centre for Social Enterprise (raiSE), reporting to MSF. raiSE upkeeps a list of ~400 SE Members, screened annually for potential in their business sustainability, social impact, and team commitment. Broadly, SE must commit at least 20% of resources towards the social goal.

[2] The SG Enable-supported IBs do not have to be raiSE member SEs. Most HDB shops are small “mom-and-pop” type operations that hire 2-4 workers on premise. These shops will meet the manpower eligibility criteria for the concessions if they hire 1 Person With Disabilities (PWD) or Person with Special Needs (PSN).

## Annex D – Extending Budget Meal Requirements to All Coffeeshops

### PQM for coffeeshops

HDB introduced Price-Quality Method tenders in 2018 for shops owned by HDB, mainly to new generation neighbourhood centres, as well as precinct supermarkets and coffeeshops. Currently, about half of HDB's new tenders are Price-Quality Method tenders, with the other half being Price-Only tenders.

2 To better meet the needs of residents and business operators, the enhanced PQM announced in November 2022 will give increased weightage of 60% to the Quality of Proposal, while the tender price will account for the remaining 40%. The changes will apply to new Price-Quality Method tenders in the coming months.

3 The criteria for calculating the Quality-score (60%) includes (i) productive concept, (ii) track record, (iii) operations and management, (iv) business proposal and (v) community-centric proposals. As part of the business proposal, points are awarded based on average price of Budget Food Dishes and Budget Drink Item. Tenderers are required to propose and commit to at least 6 Budget Food Dishes and 1 Budget Drink Item. These dishes and drink item must include:

- i. 2 vegetables and 1 meat economic rice
- ii. Chicken rice
- iii. Fishball noodle
- iv. Mee Rebus
- v. Black Coffee (Kopi O)\*

*\*from Apr 2023, another budget drink (Teh O) will be required.*

### Budget meals requirement for existing non-PQM tenancies

4 To further expand the provision of budget meals nation-wide, all rental coffeeshops currently not under PQM tenancy will also be required to provide budget meal options to residents. This new requirement will come into effect upon the renewal of operators' tenancies with HDB. Hence, at renewal of tenancy, operators will be required to provide the following budget meal options as a condition for renewal.

New Requirement	Conditions
1. Minimum <b>four</b> budget meals, spread across different stalls*	<ol style="list-style-type: none"><li>a. Full meal options (not side dishes/snacks)</li><li>b. Budget meals must be from two or more different stalls.</li><li>c. Two of the budget meals must be rice-based.</li><li>d. One of the budget meals must be halal.</li></ol>
2. Minimum <b>two</b> budget drinks*	<ol style="list-style-type: none"><li>a. Kopi O and Teh O</li></ol>

*\*The budget meal options, and pricing must be prominently displayed at the stalls.*