

**Sinking Fund Policy**  
**(Arts Housing Scheme)**

Version	Author	Date Published	Effective Date
1	Precinct Development	August 1994	August 1994
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## PRECINCT DEVELOPMENT SINKING FUND POLICY (ARTS HOUSING SCHEME)

### **1. SINKING FUND - INTRODUCTION**

- 1.1 The Sinking Fund (SF) is a fund set up to provide for future cyclical capital expenditures, cyclical maintenance or ad-hoc repair works.

### **2. SINKING FUND - CONTRIBUTIONS**

- 2.1 Contributions are collected from tenants on a monthly basis, based on a quantum of market rental and size of tenants' units.
- 2.2 SF contributions remain with the property. As such, if a tenant of a property vacates the property, any unutilised SF contributions made by the tenant will not be returned to the tenant and will be used instead for any future cyclical maintenance or reinstatement works required for the property.
- 2.3 Arts Housing Scheme
- 2.3.1 Since August 1994, each property in the Arts Housing Scheme (AHS) has set up SF that is tied to the respective property for cyclical maintenance purposes. Under the AHS, the contribution is set at 5% of market rental, and may be revised from time to time as per Tenancy Agreement.
- 2.4 Exception
- 2.4.1 The contribution of SF to NAC is not applicable for properties co-located with community clubs (i.e. AHS properties at Marine Parade Community Club and Ulu Pandan Community Club) as tenants in these properties contribute their SF and maintenance fees directly to the community club landlord.

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### **3. MANAGEMENT OF SINKING FUND**

- 3.1 The SF contributions collected on a monthly basis are insufficient to meet the needs of cyclical maintenance. Because the costs of cyclical maintenance are typically higher than the availability of SF, NAC is thus required to cover for the difference in costs as and when required.
- 3.2 For reasons explained in para (3.1), the management of the SF is therefore undertaken by NAC. NAC will utilise the SF for planned 5-yearly Repairs & Redecoration (R&R) exercises or, from time to time, for ad-hoc repair or replacement works for common areas.
- 3.3 Procurement of all works will be carried out by NAC in accordance to government procurement guidelines.
- 3.4 Reimbursements of SF for works procured directly by tenants or refunds of SF are not allowed.
- 3.5 Prior to any R&R, NAC will engage tenants in single-tenanted properties and Management Committees (MCs) to inform them of the planned scope of works. Tenants and MCs may provide inputs for NAC's consideration on the planned scope of works.
- 3.6 NAC will thereafter inform tenants and MCs on the costs of the R&R programme, including the amount of SF that has been utilized and the amount topped up by NAC.
- 3.7 The SF is used by NAC for the procurement of the following works:
- 3.7.1 Repair & Redecoration (R&R) works carried out by NAC on a 5-yearly basis. For example:
- Cyclical repainting of any part of the common areas.
  - Cyclical replacement or upgrading of common mechanical and electrical installations, and replacement of common assets (in the common areas) which have expended their useful lifespan etc.
  - Cyclical services for the overall upkeep of the building and its common areas, such as 5-yearly subterranean anti-termite treatments or 10-yearly waterproofing works to roofs and toilets, are also assessed depending on the condition of the property and the warranty period being provided for.
- 3.7.2 Ad-hoc repairs, improvement works and maintenance of common property. For example:
- Replacement of original facade timber windows or doors, renovation of toilets, rectification of underground pipe burst, etc.
  - Repair works to ensure structural integrity such as repairing cracked floors and walls, spalling concrete, roofing water seepage issues, structural defects etc.
- 3.7.3 Property reinstatement works in the event of property return handover to Singapore Land Authority.

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## 4. INAPPLICABLE USES OF SINKING FUND

4.1 The following works are not applicable to be funded from the SF:

- 4.1.1 Regular landscaping works, including tree pruning or tree cutting as landscaping maintenance falls under tenants'/MCs' responsibility.
- 4.1.2 Regular cleaning works, including jet-washing of floors and walls, as cleaning maintenance falls under tenants'/MCs' responsibility.
- 4.1.3 Regular pest control maintenance services, such as weekly fogging treatments, as pest control maintenance falls under tenants'/MCs' responsibility.
- 4.1.4 Repair and non-cyclical replacement of equipment, conducting media, fittings or fixtures that falls under tenants'/MCs' maintenance duty. Examples of such items include – but not limited to – the repair or replacement of spoilt door/window hinges, spoilt water taps or sinks, blown lightbulbs and spoilt toilet flushing or urinals.
- 4.1.5 Repair and replacement of air-conditioning system, regardless whether or not this air-conditioning system was originally in the handover of property to tenants/MCs.<sup>1</sup>
- 4.1.6 Repair and replacement of tenants' installations, renovation works, improvement works and furnishing. Any cost of reinstatement of tenants' installations, renovation works or improvement works to original state of handover condition is also not applicable to be used from SF as such reinstatement costs are to be borne by tenants/MCs.
- 4.1.7 Repainting of the internal walls within tenanted units or non-common areas.

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<sup>1</sup> With exception of Telok Kurau Studio's Shared Facilities spaces such as the Arts Gallery, where Sinking Fund use is permitted.