



GOVERNMENT OF JAMAICA



MINISTRY OF ECONOMIC GROWTH
AND JOB CREATION

DRAFT NATIONAL HOUSING POLICY

JULY 2019

"Adequate, Affordable and Legal Housing for all Jamaicans"

MESSAGE

By the Prime Minister and Minister of Economic Growth and Job Creation

MESSAGE

By the Minister without Portfolio (Water, Housing and Infrastructure) Ministry of Economic Growth and Job Creation

ACRONYMS

ARM	-	Adjusted Rate Mortgage	MEGJC	-	Ministry of Economic Growth and Job Creation
BITU	-	Bustamante Industrial Trade Union	MHOT	-	Mutual Home Ownership Trust
BOJ	-	Bank of Jamaica	MNS	-	Ministry of National Security
BSJ	-	Bureau of Standards Jamaica	MOFP	-	Ministry of Finance and Planning
CBOs	-	Community Based Organisations	MOH	-	Ministry of Health
CDB	-	Caribbean Development Bank	MOJ	-	Ministry of Justice
CDF	-	Constituency Development Fund	MWH	-	Ministry of Water and Housing (now MEGJC)
CHFC	-	Caribbean Housing Finance Corporation	MOU	-	Memorandum of Understanding
CIDA	-	Canadian International Development Agency	NEPA	-	National Environment & Planning Agency
C-PLAM	-	Capped-Price Level Adjusted Mortgage	NHT	-	National Housing Trust
DAC	-	Development Area Council	NHC	-	National Housing Corporation
DIM	-	Dual Indexed Mortgage	NHDC	-	National Housing Development Corporation
EIA	-	Environmental Impact Assessment	NGOs	-	Non-Governmental Organisations
ESSJ	-	Economic and Social Survey of Jamaica	NHP	-	National Housing Policy
FHA	-	Federal Housing Agency	NIS	-	National Insurance Scheme
FNMA	-	Federal National Mortgage Association	NLA	-	National Land Agency
FRM	-	Fixed Rate Mortgage	NRCA	-	Natural Resource Conservation Authority
FSC	-	Financial Services Commission	NSWMA	-	National Solid Waste Management Authority
GCT	-	General Consumption Tax	NWA	-	National Works Agency
GDP	-	Gross Domestic Product	NWC	-	National Water Commission
GOJ	-	Government of Jamaica	NWU	-	National Workers Union
GPM	-	Graduated Payment Mortgage	ODPEM	-	Office of Disaster Preparedness and Emergency Management
HAJL	-	Housing Agency of Jamaica Limited (Formerly NHDC)	OPM	-	Office of the Prime Minister
HEART	-	Human Employment and Resource Training	PCJ	-	Petroleum Corporation of Jamaica
HFI	-	Housing Finance Institutions	PIOJ	-	Planning Institute of Jamaica
HPPP	-	Housing Public-Private Partnership	PRIDE	-	Programme for Resettlement and Integrated Development Enterprise
ICHP	-	Inner-City Housing Project	SALISES	-	Sir Arthur Lewis Institute of Social and Economic Studies
IDB	-	Inter-American Development Bank	SAM	-	Shared Appreciation Mortgage
IMAJ	-	Incorporated Master Builders Association of Jamaica	SDC	-	Social Development Commission
JaNEAP	-	Jamaica National Environmental Action Plan	SIHL	-	Sugar Industry Housing Limited
JCC	-	Jamaica Council of Churches	SIHP	-	The Sugar Industry Housing Programme
JCF	-	Jamaica Constabulary Force	SMM	-	Secondary Mortgage Market
JDF	-	Jamaica Defence Force	SRC	-	Scientific Research Council
JHTA	-	Jamaica Hotel and Tourist Association	STATIN	-	Statistical Institute of Jamaica
JIE	-	Jamaica Institute of Engineers	TCPA	-	Town and Country Planning Authority
JIS	-	Jamaica Information Service	TEF	-	Tourism Enhancement Fund
JMB	-	Jamaica Mortgage Bank	TIP	-	Tax Incentive Programme
JNBS	-	Jamaica National Building Society	TOR	-	Terms of Reference
JNHT	-	Jamaica National Heritage Trust	UAWU	-	University and Allied Workers Union
JPSCo.	-	Jamaica Public Service Company Limited	UDC	-	Urban Development Corporation
JSIF	-	Jamaica Social Investment Fund	UNCHS	-	United Nations Centre for Human Settlements (HABITAT)
JSLC	-	Jamaica Survey of Living Conditions	UNDP	-	United Nations Development Programme
KMA	-	Kingston Metropolitan Area	UTECH	-	University of Technology, Jamaica
KRC	-	Kingston Restoration Company	VTDI	-	Vocational Training Development Institute
LAMP	-	Land Administration and Management Programme	WRA	-	Water Resources Authority
LICJ	-	Land Information Council of Jamaica	WUA	-	Water Users Association
LPA	-	Local Planning Authority			
LUDC	-	Land Utilisation Development Commission			

DEFINITION OF KEY CONCEPTS AND TERMS

For the purposes of this document, the following terms are defined thus:

Actors	A group or organisation considered to be a stakeholder engaged in a contract or agreement that is directly involved in the design and implementation of policy measures or action plans pursuant of the policy objective.
Affordable housing	While 'affordable' is a relative term, the common definition of 'affordable housing' used by most local housing agencies is when the cost of housing does not exceed 30 per cent of gross household income.
Aided self-help	The concept of aided self-help is an approach that involves the use of community based labour with the cooperation of government which provides technical, financial and administrative assistance.
Dwelling unit	A building or separate part of a building in which a person or group of persons live. It represents the living quarters. The essential features of a dwelling unit are "separateness and independence," whereby persons can isolate themselves from other persons for purposes of sleeping, preparing and sharing meals.
Habitable room	Any room or space intended primarily for human occupancy, other than kitchens and bathrooms, or a storeroom not exceeding 6.5 square metres in area (Development and Investment Manual).
Homelessness	Households without a shelter that would fall within the scope of living quarters. They carry their few possessions with them sleeping on sidewalks, pavements and other open space, on a more or less random basis.
Household	A household is defined as a one person who lives alone or a group of two or more persons who, as a unit, jointly occupy the whole or part of a dwelling unit, who have common arrangements for housekeeping, and who generally share at least one meal. The household may be composed of related persons only, of unrelated persons, or a combination of both.
Housing stress	The relatively high cost of some people's housing means that their income levels may not cover the full range of other goods and services accepted as a community standard. Such people are said to be in housing stress. People are most commonly defined as having housing stress if they have both relatively high housing costs and their income falls in the bottom 40% of the income distribution.

Housing unit	A building or buildings used for living purposes.
Incremental/Progressive Housing	A phased process aimed at providing access to adequate housing. This process intends to access a housing opportunity starting with the right of tenure with rudimentary service, followed by basic services then eventually acquire a house through a self-build process.
Long term	Long-term in the context of the National Housing Policy and Implementation Plan is a time span extending 5 years and beyond.
Low Income Earner	An individual with a gross weekly remuneration that is within NHT's lowest income band (\$7,000 to \$15,000.99 per week).
Medium term	Medium-term in the context of the National Housing Policy and Implementation Plan is a time span extending from 3 to 5 years.
Overcrowding	More than 1.01 persons occupying a habitable room
Partners	Partners are collaborators, associates or co-operators of an endeavour or sphere of common interest. They are often viewed as passive stakeholders in the design and implementation of the policy or plan of action. They are usually behind the scenes agencies providing financial support, technical advice and other resources, tangibly or intangibly. They are not directly involved in the execution and operational processes in achieving the objectives.
Poor	The poor are persons living below the poverty line. According to the 2015 Jamaica Survey of Living Conditions, the adult poverty line was \$175,297.00 per year.
Reverse mortgage	A special mortgage designed for persons who have retired and need an income; it is a fixed amount advanced monthly to elderly applicants which is leveraged against the equity in their property.
Sheltered Housing/ (Assisted Living)	Housing which is purpose built or converted exclusively for sale to elderly people with a package of estate management services and which consists of grouped, self-contained accommodation with an emergency alarm system usually with communal facilities and normally with a resident warden.
Short term	Short-term in the context of the National Housing Policy and Implementation Plan is time span extending from 3 years or less
Social housing	A housing option which refers to housing that is managed either by government or by non-profit agencies, for the specific purpose of providing accommodation for households in need, and for social

and community benefit. The term encompasses public rental housing, subsidised community housing, supported housing and emergency accommodation.

Special Needs Housing Housing with specialized services for persons with mental illness, mental retardation or physical disabilities.

Studio A self-contained dwelling unit of one room that has a kitchen and a bathroom and whose total area does not exceed 37.16 square metres or 400 square feet (Planning Guideline 01/2015).

ACKNOWLEDGEMENTS

The Permanent Secretary of the Ministry of Economic Growth and Job Creation (MEGJC), would like to thank the Consortium comprising the University of Technology, Jamaica (UTech) and the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) at the University of the West Indies, Mona, for its role in developing the National Housing Policy. The Permanent Secretary of the MEGJC also acknowledges and thanks the members of the Technical Review Committee (TRC) that provided oversight and guidance for the process.

Special mention must be made of the contribution of the Chief Technical Director (Water, Works and Housing), the Senior Director and Staff of the Housing Policy Research and Monitoring Branch of the MEGJC and other individuals within the wider Ministry, to the development of this policy document.

The contribution of the various Ministries, Departments and Agencies (MDAs), some of whom were represented on the TRC, is also acknowledged. These include:

- Office of the Cabinet
- Ministry of Local Government and Community Development
- Ministry of Industry, Commerce, Agriculture and Fisheries
- Ministry of Finance and Planning
- National Housing Trust
- Housing Agency of Jamaica Limited
- Jamaica Mortgage Bank
- Urban Development Corporation
- National Environment and Planning Agency
- National Works Agency
- Office of Disaster Preparedness and Emergency Management
- Social Development Commission
- Planning Institute of Jamaica
- Statistical Institute of Jamaica
- National Water Commission
- Jamaica Realtors Association
- Incorporated Master Builders Association of Jamaica
- Jamaica Institute of Architects
- Caribbean Association of Housing Finance Institutions
- Real Estate Board

Last but not least, the MEGJC thanks the public for its invaluable input which was garnered from consultation sessions in various parishes across the country.

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EXECUTIVE SUMMARY

The new housing policy is intended to chart the way out of the perennial housing crisis which has been evolving since the 1950s. This can be attributed to population growth and rural-urban migration, stimulated by a desire for *modern* living close to the urban growth centres. This has created a rate of growth of housing need which has never been matched by the official supply of new housing for purchase or rental. This trend has been exacerbated by massive internal migration, motivated by job search particularly in the tourism industry.

The Government of Jamaica envisions a country where sufficient, affordable, appropriate, and sustainable housing choices are available to foster socially diverse and inclusive communities that respect the local environment and the culture of its people. The policy sets objectives and guiding principles to support its goal to improve: the supply of housing, the development of adequate institutions to regulate and finance housing and adequate land supply. This will be achieved within an enabling framework which emphasizes the role of the private sector, while the state maintains its regulatory function and the provision of subsidies to the more vulnerable.

The Policy highlights the need for at least 15,000 new housing units annually up to 2030; it proposes methods by which this target can be realized. This process requires raising the present annual production of housing solutions by a minimum of 5,000 units per annum. Additionally, 2,400 units will have to be replaced on a yearly basis to address the qualitative deficit.

This policy document discusses the housing challenge under the following thematic areas and put forward measures to address these issues.

a. Affordability

Affordability is central to the gap that exists between need and effective demand. Research by UTECH and SALISES (2009) indicates a mean affordability of approximately 3 million dollars equating to a serviced lot with minimal infrastructure [Figure 2.2]. More current Housing demand surveys conducted by the NHT during the period 2014 to 2017 indicated that the largest proportion (20 per cent) of the survey population would be able to afford units in the range of \$4M to \$4.99M; 18 per cent - \$5M to \$5.99M; 16 per cent - \$8.01M and above and 15 per cent would be able to afford units priced at \$3M to \$3.99M. Traditionally, government has attempted to meet the demand of persons within the low income categories but is no longer able to do so because of fiscal and institutional borrowing constraints.

a1. Finance, Financial Institutions and Subsidies

Government, in cooperation with the private sector, is expected to expand the reach of the finance sector to include larger numbers of middle income persons and the poor to support the objective of producing between 15,000 houses per annum. Research undertaken to inform the housing policy has shown that formal housing finance institutions serve primarily the top 30 per cent of income earners. This Policy supports the reduction of interest rates and the introduction of means to expand effective demand at low income levels. There is also the need for the expansion of housing finance, which can be achieved through the development of new mortgage finance institutions and modifications of the roles of existing institutions.

Additionally, there are technical innovations to be pursued such as Capped Price Level Adjusted Mortgages, which amortize inflation and are therefore more affordable than Fixed Rate Mortgages. The formal inclusion of remittances by pairing overseas Jamaican incomes with residents' for mortgage repayment and housing investment may also serve to address housing finance issues faced by many individuals.

The result of generally reduced interest rates will raise effective demand significantly. The ESSJ has identified formal sector mortgage supply at 49.5 billion in 2017. This policy promotes an increase in available mortgages by 40 billion per annum in increments up to 2022 translating into the addition of 8,000 affordable units per annum. This initiative will require some amount of subsidy and will be designed considering affordability levels. Special provisions will be necessary to make sufficient funds available to address the issue of squatting. A significant part of the additional funds obtained through the market will be directed to micro-finance institutions, which disburse small amounts of funds to be repaid over short periods. Their mode of delivery has been shown to be well-suited to Jamaicans' preference for progressive housing development particularly the lowest income bracket.

It is envisioned that this policy will stimulate additional construction activity from which incremental taxes can be earned. It is proposed that 50 per cent of such incremental taxes be shared between the Housing Fund and the Consolidated Fund, with the former being used as a basis for expanding housing subsidies, thereby raising effective demand at the lower end of the income scale. The policy also seeks to restructure the current regime of loosely targeted, mostly supply-side, tax exempt subsidies and substitute demand-side subsidies such as down payments, closing cost needs and shared equity in order to create effective demand for the lowest income groups. Cross-

subsidies, whereby differential land and house prices are chosen for similar products within mixed developments, will also serve the same purpose and are integral parts of the policy.

b. Housing Supply

b1. Land supply

Housing occupies physical space and is needed in specific locations, for example, adjacent to employment and with access to services. This housing policy has initiated a process whereby lands in adequate quantities to support the 2030 objectives are being methodically identified and designated for housing. These include lands in urban redevelopment and peri-urban areas and a selection of lands formerly in agricultural production. These will be allocated to housing and other related appropriate development. Such properties will be sourced from existing state-owned lands or will be duly acquired for development under appropriate legislation, if privately owned. The lands are to be designated for housing in accordance with the National Settlement Strategy. Sites are to be selected to facilitate integrated “smart growth¹” development, in contrast to the dominant and prevailing costly practice of urban sprawl.

b2. Housing construction

The housing construction sector is divided. Government directly supplies mass housing using private sector contractors. The private sector generally supplies upper and middle income houses. The policy encourages private sector initiatives including improved public-private sector partnerships. This approach is particularly potent in addressing inner city redevelopment where mixed use and mixed income communities are encouraged. Major policy instruments to achieve these goals include improved tax concession, higher densities, and cross subsidies from higher valued to lower valued market sectors. Participation in this process will include not only private developers and contractors but also NGOs and CBOs. New forms of tenure to facilitate and share rights and responsibilities of ownership and maintenance such as mutual home ownership trusts are being encouraged. As is recognized in Vision 2030, overall coordination and development of construction activity is a prerequisite for increased housing volume. Considerations include the capacity of developers and contractors, many of whom will have to be trained by institutions such

¹ Covers a range of development and conservation strategies that help protect our health and natural environment and make our communities more attractive, economically stronger, and more socially diverse (United States Environmental Protection Agency).

as UTech, and workmen who will have to be trained in large numbers by HEART TRUST/NTA. Similar considerations apply to materials and equipment supply.

Planning, Management and Governance

National, regional and local plans are to be developed which determine the appropriate product mix, densities, infrastructure design, and the required co-ordination among development agencies such as NWA, NEPA, NWC, and WRA regarding the provision of trunk infrastructure to facilitate efficient development of housing projects within regions or municipalities.

Standard methods of sharing the costs of trunk infrastructure among projects within a region or a location will be devised, while adequate provision is being made to connect infrastructure and housing development to the supply of supporting facilities, such as schools and medical centres, as well as commercial and social facilities in existing towns.

One of the objectives of this policy is to set out a methodology and a timeframe within which development plans for all regions and settlements identified in the National Settlement Strategy will be completed as parts of a coordinated whole. In this regard, special emphasis is being placed on coordinating the activities of Government development agencies such as the Local Authorities (Municipal Corporations), HAJ, NHT, JMB, UDC and NEPA. Special procedures will be necessary to create a partnership with the Private Sector, which include the Jamaica Developer's Association, Incorporated Masterbuilders Association, Jamaica Realtors Association, Commercial Banks, Building Societies, Credit Unions and NGOs/CBOs, in order to produce a continuous and adequate supply of housing.

c. Legislation and Regulation

A centerpiece of reform of legislation and regulation is Local Government Reform which gives the Local Authorities greater autonomy. This includes greater independence over their financial affairs, in that, Local Authorities will be able to issue municipal bonds to finance their operations. This programme is far advanced and this policy promotes all other changes in development legislation and regulation that are consistent with the National Settlement Strategy and the Development Orders. In addition to physical development, regulations concerning the transfer of properties are being reviewed to improve the efficiency of real estate markets.

The Rent Restriction Act is currently being reviewed. One result of the current provisions of the existing Act is the curtailment of the supply of rented accommodation in the lower income sector of the housing market. This policy promotes an increase in rental accommodation.

d. Social Housing and Squatting

Squatting is one of the most salient issues that this national housing policy seeks to address. The act of squatting has increased significantly over the last 25 years, and the squatter population now stands at 20 per cent of that of the country.

Addressing the issue of squatting requires a multi-sector approach, consolidating the efforts of Ministries, Departments and Agencies (MDAs) with that of the private sector. The policy objectives relating to squatting will be achieved through a combination of increased affordable housing supply to limit further squatting, physical and legal improvements to squatted areas through urban upgrading projects and by policies of early detection to suppress their expansion. The funds expended in the upgrading of squatter settlements will be recovered in order to permit the funds to revolve. Squatters will be engaged, through their representative groups to repay funds expended. The policy will be consistent with the Habitat's '*Cities without Slums*' methodology which has effectively helped to transform many degenerate and socially dysfunctional squatter settlements worldwide into productive entities developed in harmony with the wider society. A paradigm shift will be required towards non-partisanship in the execution of the objectives of this policy; equally important is the involvement of civil society.

The housing policy will achieve the objectives of: upgrading squatter settlements, relocating squatters where permanent settlement is not feasible and introducing aided self-help and access to employment and general living conditions. Simultaneously, steps will be taken to reduce and contain squatting by enforcement of existing laws.

In summary, it is anticipated that through new policy initiatives which improve: affordability, and expand housing finance, land supply and land management, private sector and public sector partnership, a new approach to the supply of housing is being established. The 2030 vision encompasses access to adequate housing for all Jamaicans. This policy provides the platform for its achievements.

CHAPTER 1: INTRODUCTION

The right to adequate housing is founded and recognized under international law. Article 25 (1) of the Universal Declaration of Human Rights states “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

In Jamaica, various governments have grappled with the issue of providing sufficient and affordable housing for its populace, especially as it relates to the needs of low-income earners. The housing challenge relates not only to the size of the housing deficit and the diverse needs of those who are inadequately housed, but also to the housing environment which manifests several weaknesses which must be corrected. The ever-increasing demand on limited government resources makes the task even more daunting.

Housing is fundamental to the social and economic well-being of individuals and communities. Adequate housing means more than just a roof over one’s head. It also means adequate privacy, adequate space, physical accessibility, security and suitable health-related facilities. In addition, adequate and accessible location with regard to work, basic facilities and secure infrastructure such as water supply, sanitation and waste management facilities, are also critical.

Demand for available housing has outstripped supply causing house prices to rapidly escalate. There are two generic concerns of the housing sector (1) cost/affordability and (2) location. All other concerns can be linked to these two and thus a substantial investigation and subsequent understanding of these two concerns contextually are important to unravel the myriad of issues, and point to the way forward to effective policy and implementation strategies. From these somewhat broader issues and concerns of the sector both locally and globally, some specific issues can be recognised and appreciated. Among the major domestic challenges that the housing policy has identified as affecting the housing sector are:

- Persistent poverty and socio-economic disenfranchisement
- High cost of building material
- Low-income levels which prove inadequate to sustain mortgage payments at existing house prices
- High and burdensome land administrative costs
- Speculative land cost
- High and burdensome rent cost and limited rental units
- Untimely and inefficient stock renewal and replacement cost

- Shortage of affordable housing finance in the public and private sector
- The high level of debt to Gross Domestic Product with the consequential heavy commitment to the servicing of local and external debt by the Government which serves to dry up Government's direct intervention in housing construction
- Out-dated zoning regulations and practices
- Lack of enforcement mechanisms and compliance with development and planning regulations
- Increasing rates of urbanisation and urban sprawl
- Increase in frequency and severity of natural phenomena and the increasing vulnerability of structures leading to disasters

The ability to address these challenges by the government and the private sector is influenced by a number of factors. Some of these are:

- The international situation
- The budgetary situation in which significant allocations go to servicing domestic and internal debt
- Constraints in the domestic financial markets
- The extensiveness of the location and the size of squatter settlements
- The size of the households in need of affordable housing
- The need for housing for the indigent
- Political/organisational aspects of communities such as garrisons, and politicisation of provident societies
- National will to make housing a priority

Notwithstanding the considerable investment and efforts of successive governments, with support from international aid agencies, the housing problem continues to be a challenge in terms of the growth of squatter settlements, spiralling house and land costs, overstressed infrastructure and the increasing struggle of the poor, the vulnerable and the disadvantaged to secure affordable and adequate housing.

Housing forms an important part of the strategy of the government for the alleviation of poverty and employment generation, and should be viewed as an integral part of the overall improvement of human settlements and economic development. This National Housing Policy provides a platform to address the housing challenges in a holistic and effective manner. It is intended to:

- identify current levels of housing stress
- facilitate the development of affordable and appropriate housing solutions

- introduce community development approaches to support and enhance housing options
- create an equitable housing environment

Organisation of the Report

Chapter 1 highlights the major concerns facing the government in addressing the housing needs of the population. It outlines a range of housing issues including the acute shortage of affordable housing, limited resources and legislative constraints.

Chapter 2 outlines, discusses and analyses the housing situation in Jamaica.

Chapter 3 outlines policy measures and strategies to address the issues identified in the Situational Analysis (Chapter 2). These policy measures and strategies were categorised according to the main issues that emerged in the Situational Analysis.

Chapter 4 outlines the roles and responsibilities of the key stakeholders in the housing sector.

Chapter 5 summarises the aims and objectives of relevant policies and plans, and shows their link with the housing policy and housing delivery.

Chapter 6 suggests ways in which the policy will be monitored and evaluated. It points out that broad participation, an inclusive approach and regular evaluation are important for long term success in both policy development and programme delivery.

Chapter 7 summarises the main points of the report, highlighting the importance of the need for a balanced approach in delivering safe, legal and affordable housing solutions by 2030.

Rationale for Housing Policy

The National Housing Policy was developed out of the recognition that housing is inextricably linked to people's physical and emotional survival and security. The policy therefore promotes sustainable and inclusive development of housing in Jamaica to ensure an equitable distribution of land, shelter and services at affordable prices for all social categories, with special focus on the needs of the poor, marginalized and disadvantaged.

Vision Statement

“A country within which all Jamaicans have access to safe, sanitary, legal and affordable housing solutions”

The vision of this policy is anchored in the commitment of **Vision 2030 Jamaica's** broad mandate of “... *safe, sanitary and affordable shelter for all*” and the recognition that housing and related services are important components of the economic and social development of the country, thus promoting individual and collective dignity, privacy and security and contributing to employment creation and labour productivity.

Guiding Principles

The policy is premised on five major principles to guide the current transformation in housing; these are:

1. Fairness and equity
2. Quality and affordability
3. Partnership and participation
4. Transparency and accountability
5. Sustainability

Goal

The main goal of this policy is to provide the enabling framework within which the government of Jamaica can realise access to safe, legal and affordable housing solutions for all Jamaicans by 2030. Specifically, it will seek to:

1. Increase access to housing and its associated resources to all segments of the population, in particular the poor, while at the same time reducing direct governmental role in housing production.
2. Promote homeownership among other tenure arrangements including renting to facilitate access to decent, safe and affordable housing solutions for all Jamaicans.
3. Maintain a fair and stable operating environment for the private property market by ensuring adequate land supply and the provision of efficient supporting infrastructure.

CHAPTER 2: SITUATIONAL ANALYSIS

2.1 Introduction

This situational analysis contains both primary and secondary data. The primary data was based on a 2009 national survey carried out by the UTech/UWI Consortium (Appendices 1 and 2). The secondary data is an embodiment of older and more recent studies garnered from various other sources. This section illustrates the state of the housing sector which includes the perennial inability to significantly increase the annual housing output.

2.2 Demographics and Housing Need

According to the 2011 Population and Housing Census, Jamaica's population stood at 2,697,983 persons. The population is projected to reach 2.872 million by 2030 (STATIN 2008: 45).

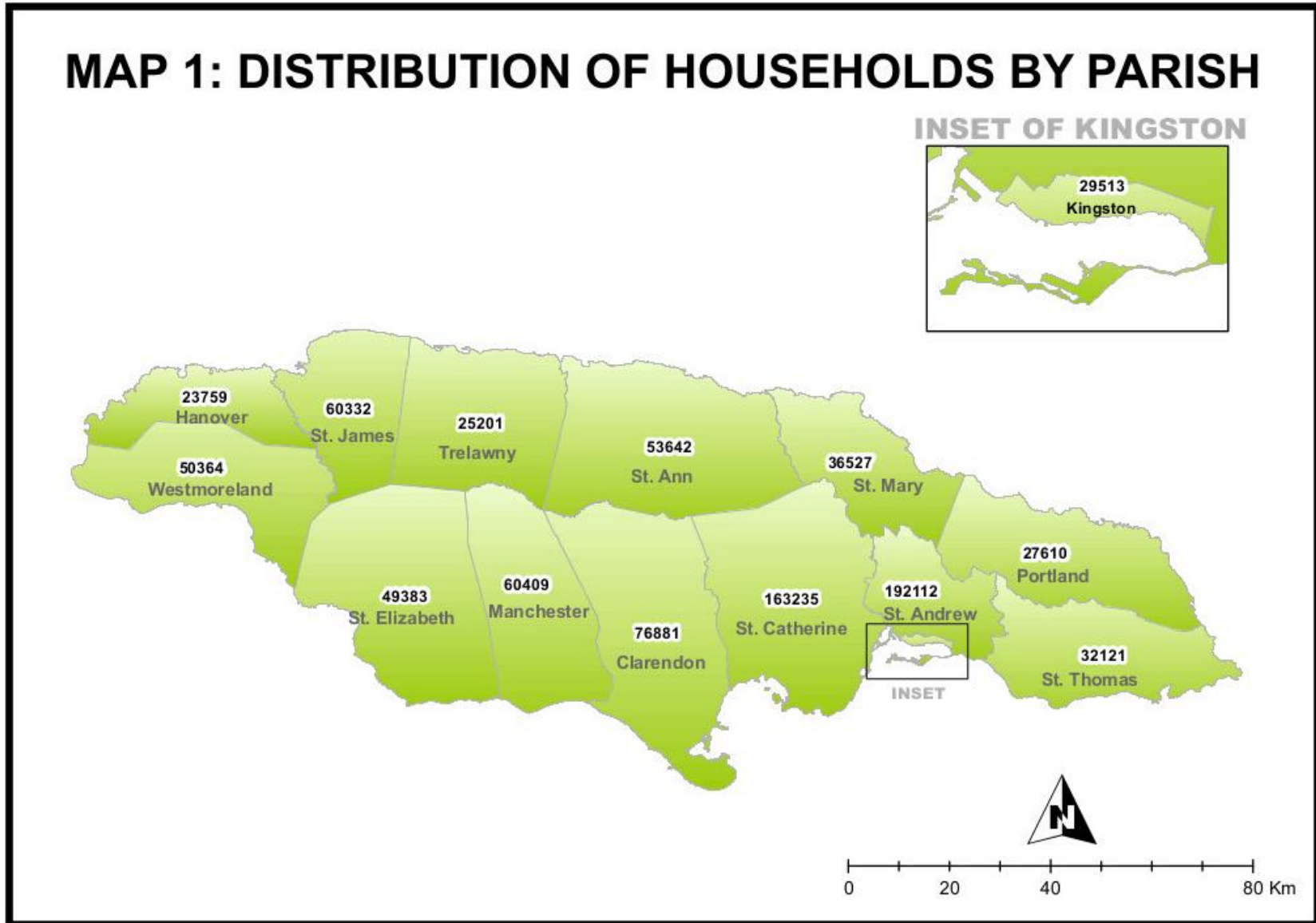
The 2011 Population and Housing Census indicated that there were 881,070 households occupying 853,661 private dwellings - an average of 334 dwellings per 1000 persons. The distribution of households by parish is shown in Map 1. In 2011 there were 671,331 housing units in Jamaica with the parish of St. Catherine accounting for the largest proportion, amounting to 129,840 units (Map 2). Each housing unit provided a roof for approximately four (4) persons, down from the 4.3 figure recorded in the 2001 census.

The annual growth rate of the population between 2001 and 2011 was 0.36 per cent. The percentage of urban population at 2011 was approximately 54 per cent; this represents an increase of 1.9 percentage points since 2001. Map 3 illustrates major areas of population growth from 1970 to 2001. The household size, based on 2011 census, was 3.1 persons per household.

Housing projections undertaken by the then Ministry of Water and Housing in 2004 revealed that 13,260 housing units are required annually between 2001 and 2025 to satisfy the projected housing need. Further analysis undertaken for the completion of the housing policy suggests that the impact of an increase in the younger age cohorts (0-4, 5-9, 10-14 and 15-19, years) reflected in the 2001 census will lead to an upward revision of the Ministry's projected housing needs to 15,000 units annually between 2010 and 2030.

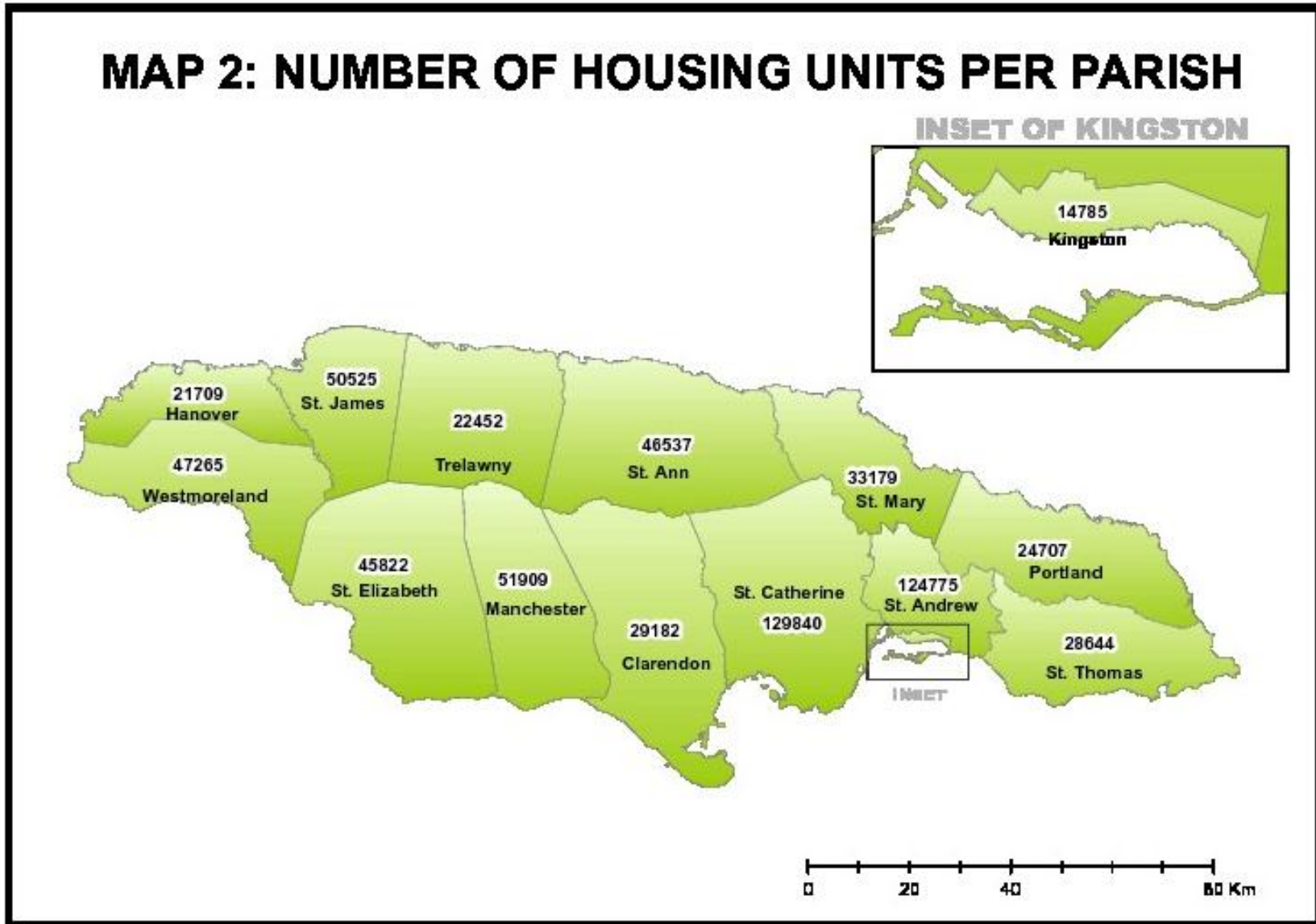
According to data recorded in the ESSJ Reports (1982 – 2017), an average of 4,034 housing units were produced annually by the National Housing Trust and major developers. Between the period 2001 and 2011 an estimated 111,525 units were added to the housing stock. Of this number, 43,905 were built by the NHT and major developers (ESSJ, 2001-2011), at an average of 4,390 per annum. This suggests that the additional

67,620 units were supplied by private builders and the informal sector thus amounting to an average of 6,762 units per annum; bringing the total number of units being built annually to 11,152. Given the targeted housing need requirement of 15,000 units, this would indicate a shortfall of 3,848 units. In addition, it is estimated that 2,400 units are in need of replacement each year. This translates to a net annual deficit of 6,248 housing units.



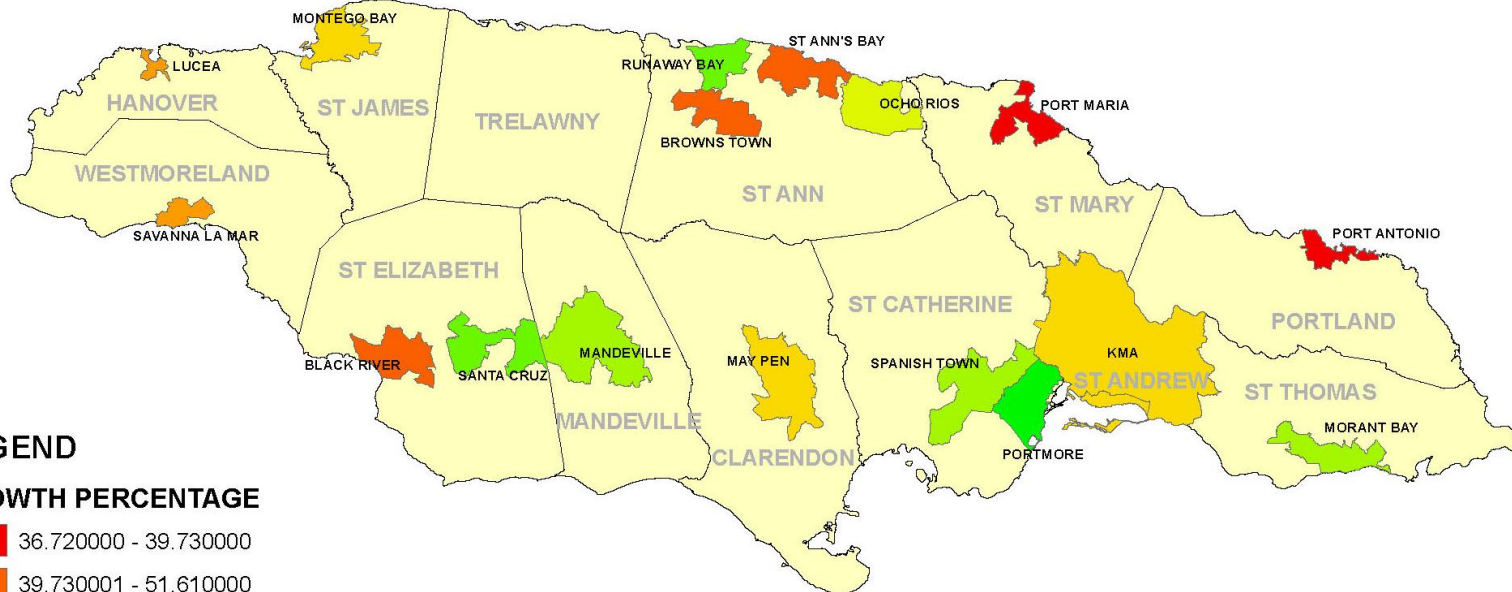
MAP 1: DISTRIBUTION OF HOUSEHOLDS BY PARISH

SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA



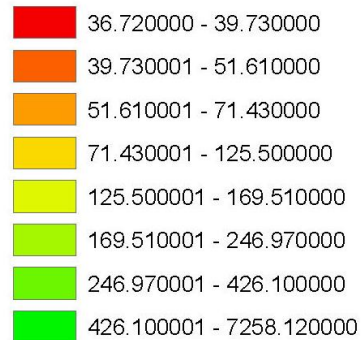
MAP 2: NUMBER OF HOUSING UNITS PER PARISH
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA

MAP 3: AREAS OF MAJOR POPULATION GROWTH 1970 - 2001

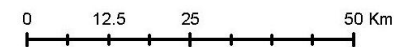


LEGEND

GROWTH PERCENTAGE



— PARISH BOUNDARY



SOURCE: POPULATION CENSUS 2001, JAMAICA
COUNTRY REPORT

As it relates to the country's housing need, the UTech/SALISES Survey (2009) provided a perspective on these issues which was supported by more recent data from the NHT's 2014 to 2017 Housing Demand Surveys. Both data sets showed the following:

The UTech/SALISES Survey (2009) indicates that 43 per cent of the household heads surveyed alluded to an immediate housing need. The type of dwelling most wanted for immediate housing needs was a detached house (74 per cent), followed by improvement on house (14 per cent), part of a house (6 per cent), town house and apartment (2 per cent each), semi-detached (1 per cent) and others (1 per cent). The NHT's Housing Demand Surveys (2014-2017) revealed the following: 46 per cent of the respondents had plans to buy a housing unit; 20 per cent wanted to build on a lot; while 17 per cent each had plans of buying land or making improvements to their present housing unit.

According to the UTech/SALISES Survey, the immediate needs of most respondents were to save and build a detached house with block and steel and to obtain loans from the NHT and other mortgage lenders. Any initiative the government introduces must target 20 to 25 per cent of the population and enable them to access affordable mortgages relative to their income. This is consequent on the fact that only 12.0 per cent of the population was accessing mortgages through the NHT and other agencies. Furthermore, 25.0 per cent of the population is not eligible for NHT loans because they have not contributed to the scheme. Additionally, based on the income of many contributors they are not qualified for sufficient funds to enable them to afford housing solutions in the market. A similar situation obtains if they are to seek mortgages offered by private institutions.

Information gleaned from the NHT's Strategic Mandate Review Commission Report (2017) indicates that the conversion rate from contributor to mortgagor averages approximately 30 per cent across all income segments with the exception of the lowest income band where the conversion rate was approximately 11 per cent as at March 2017.

2.3 Housing Quality

Jamaica's housing stock has moderately improved in quality between the years 2006 and 2015. According to the Jamaica Survey of Living Conditions (JSLC, 2015: 5.2), 72.2 per cent of Jamaicans are living in good quality houses as defined by the JSLC² (Appendix 4/Maps 4A - 4C). According to the JSLC (2015), 68.1 per cent of the housing stock was constructed with block and steel, 65.9 per cent had exclusive use of water closet and 94.9 per cent used electricity.

² Quality is defined by a series of indicators such as building material, indoor outdoor plumbing, electricity and number of persons per habitable rooms

A major part of the housing stock was built before 1997. Some 60 per cent of the housing stock was over 27 years old (UNCHS & UNDP, 1997). This is supported by the UTech/SALISES Survey (2009) which shows that 51.0 per cent of the housing stock was built between 1961 and 2000.

As defined by the Jamaica Survey of Living Conditions (JSLC), a dwelling unit is “a building or structure that is used solely or partially for the purpose of human habitation”. As indicated in the UTech/SALISES Survey (2009), the most common dwelling type among respondents was a separate house/detached unit, accounting for 77 per cent. This figure was consistent with findings of the JSLC in which this dwelling type accounted for 80.6 per cent in 2009; more current JSLC data in 2014 and 2015 showed a marginal decline of 79.4 and 78.9 per cent, respectively.

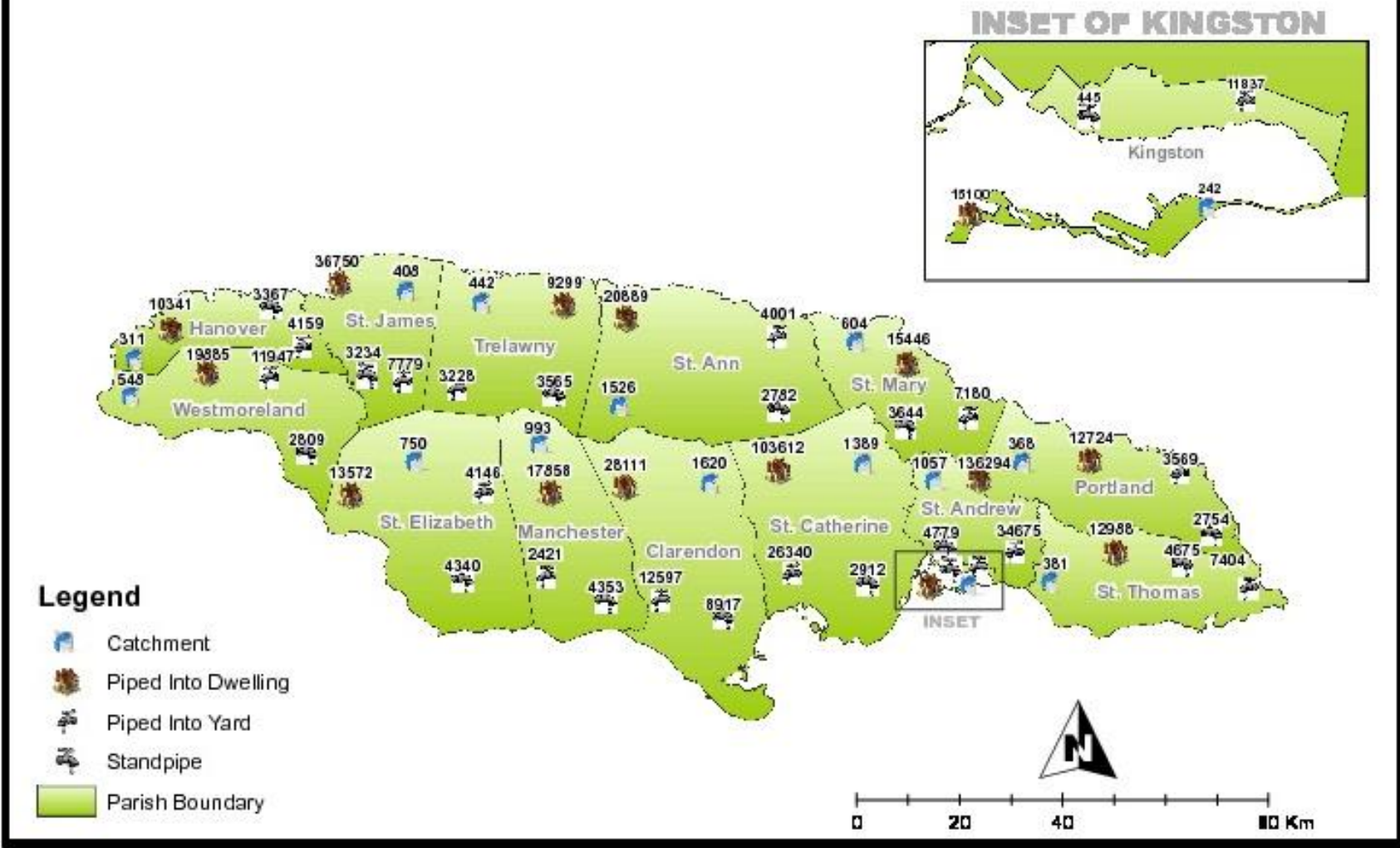
The UTech/SALISES Survey (2009) found that 63 per cent of the households had 2 to 4 persons and 75 per cent occupied 2 to 4 habitable rooms. The JSLC revealed that in 2009 approximately 46 per cent of dwellings were overcrowded; this figure declined in the succeeding years and was 37.8 per cent in 2015 (JSLC, 2015). The UTech/SALISES Survey (2009) also found that 67 per cent of households occupied dwellings containing 1 to 3 habitable rooms. According to the 2011 Population and Housing Census, the number of households occupying one room totaled 208,044, which accounted for 23.6 per cent of the total households (STATIN, 2011). The breakdown by parish is illustrated in Map 5.

2.4 Housing Tenure

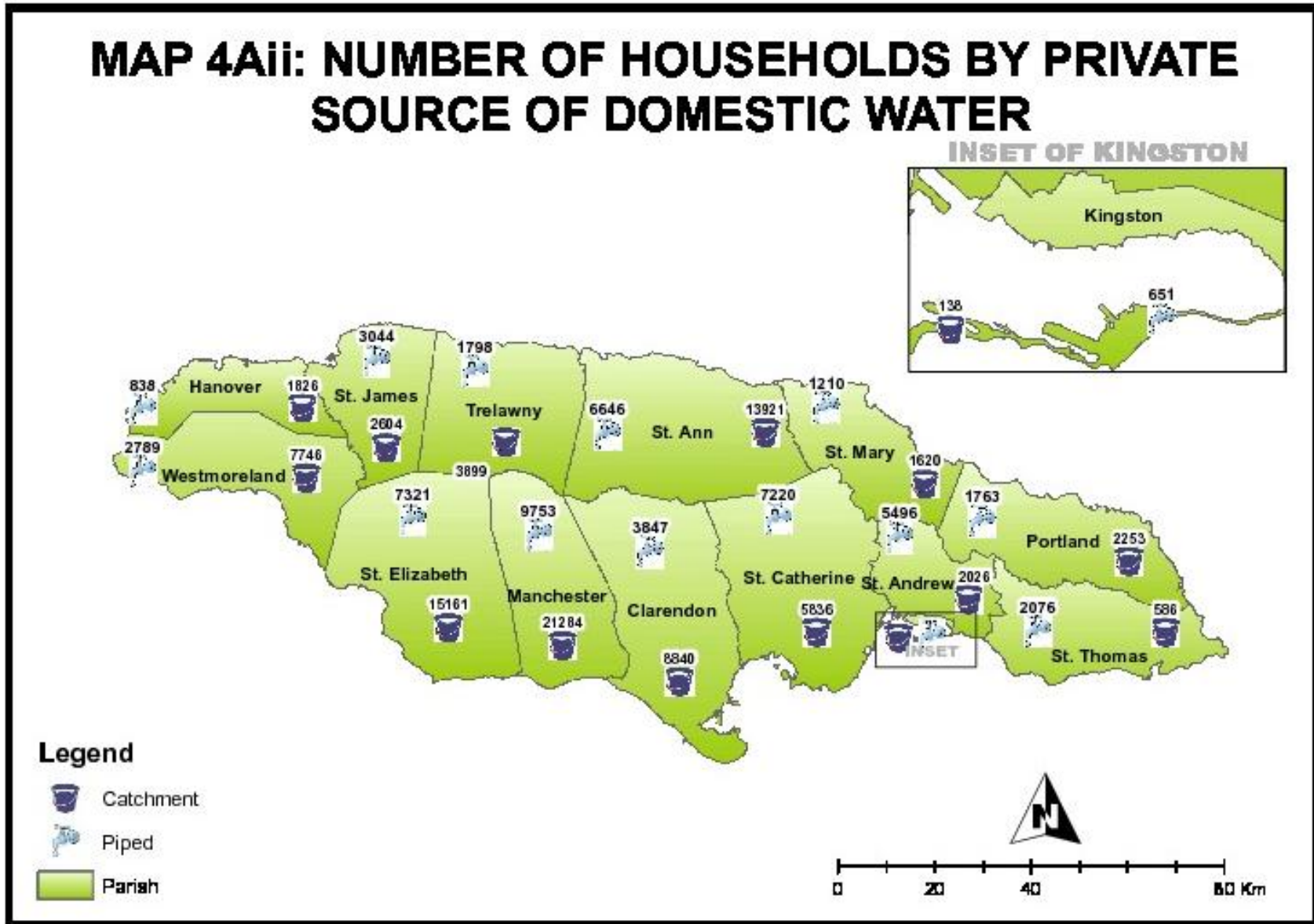
The majority of Jamaicans owned the dwellings they occupy; according to the JSLC (2015), 55.3 per cent of households were housed in owner-occupied units and another 17.5 per cent in rented and leased accommodations. Additionally, rent-free accommodations accounted for 25.7 per cent. On the other hand the UTech/SALISES Survey (2009) revealed that: 64 per cent of households owned their homes (44 and 20 per cent with and without titles, respectively); 20 per cent resided in private rented accommodations; 3 per cent leased dwellings; while 10 per cent were living rent-free (Table 2.1).

Analysis of tenure status by quintile revealed that 60 per cent of the wealthiest quintile owned, with title, the dwellings in which they were living, compared to 42 per cent for the poorest quintile. On the other hand, 28 per cent of the poorest quintile owned family dwellings without title, compared with 8 per cent for the wealthiest quintile. In terms of geographical areas, 74 per cent of households in rural areas owned their dwellings, followed by households in other towns (67 per cent) and the KMA (48 per cent).

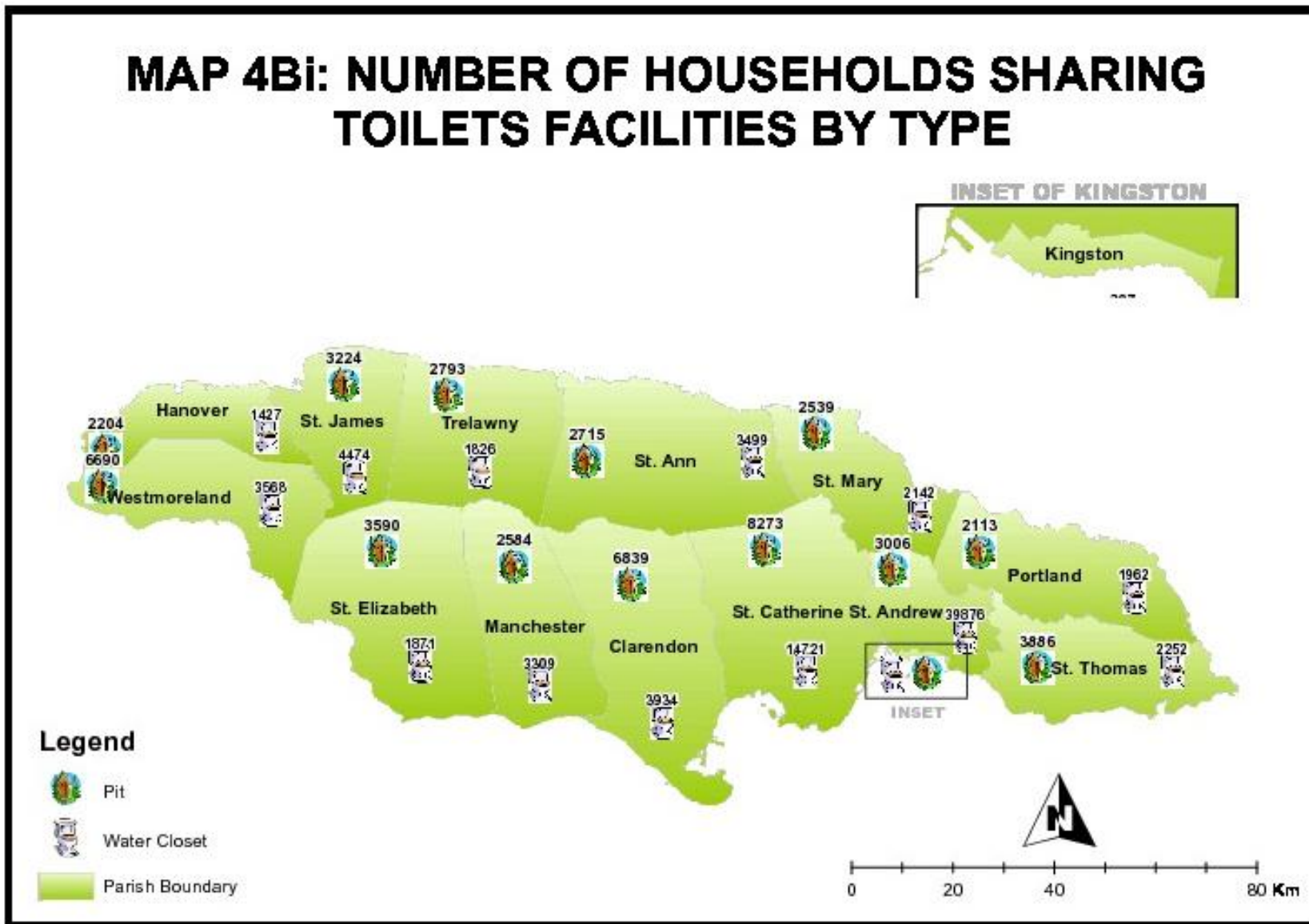
MAP 4Ai: NUMBER OF HOUSEHOLDS BY PUBLIC SOURCE OF DOMESTIC WATER



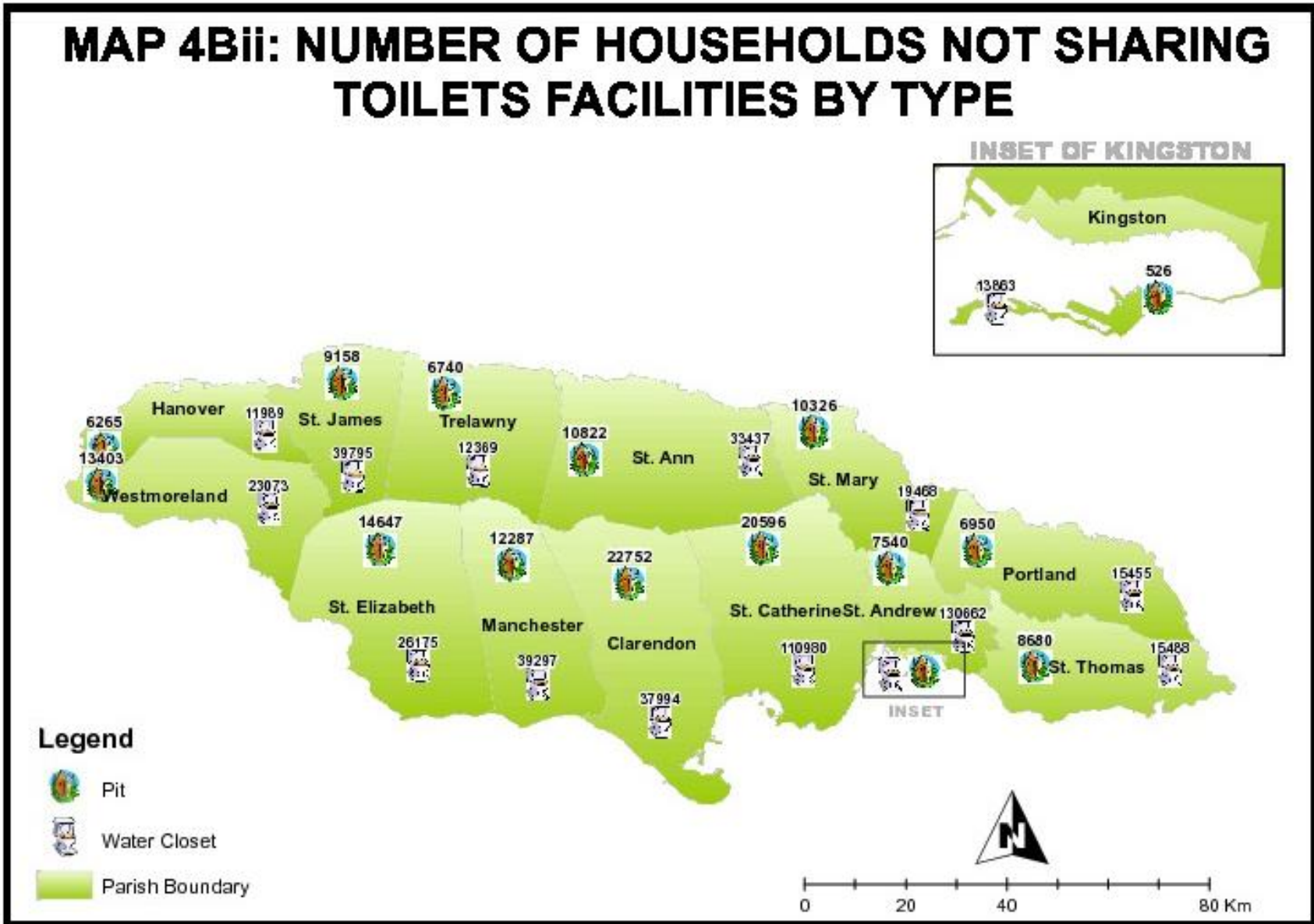
MAP 4Ai: NUMBER OF HOUSEHOLDS BY PUBLIC SOURCE OF DOMESTIC WATER
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA



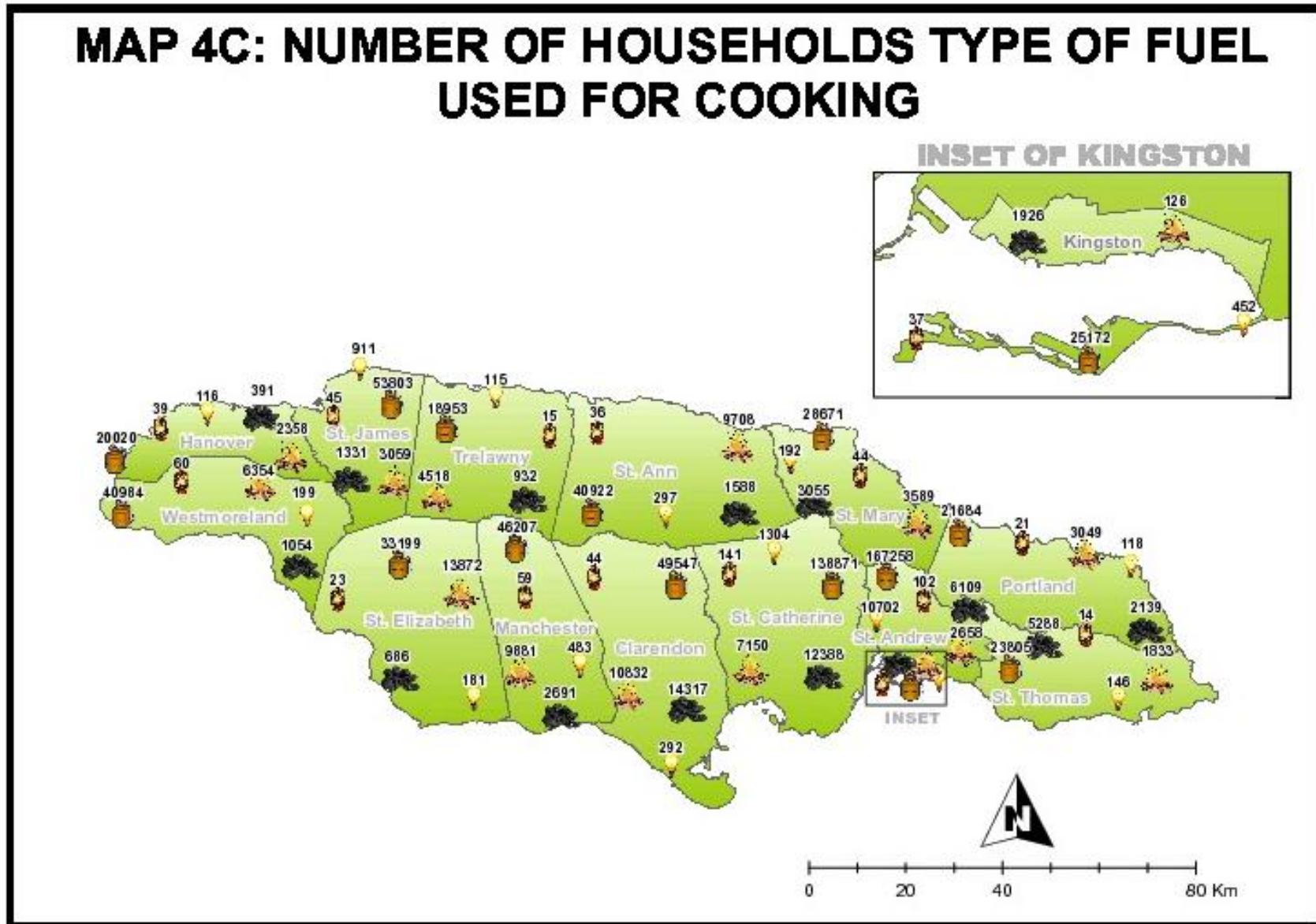
MAP 4Aii: NUMBER OF HOUSEHOLDS BY PRIVATE SOURCE OF DOMESTIC WATER
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA



MAP 4Bi: NUMBER OF HOUSEHOLDS SHARING TOILETS FACILITIES BY TYPE
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA

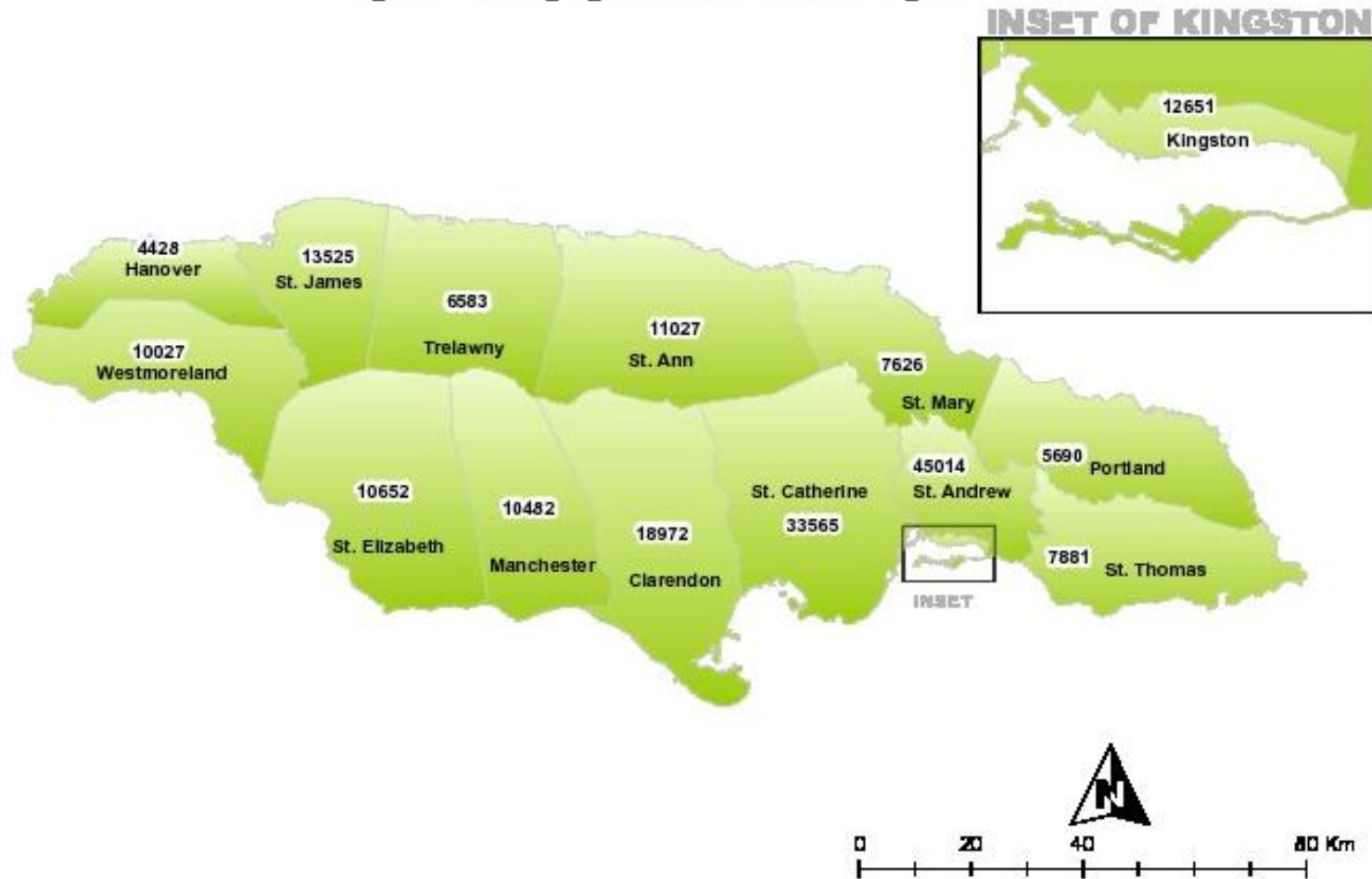


MAP 4Bii: NUMBER OF HOUSEHOLDS NOT SHARING TOILETS FACILITIES BY TYPE
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA



MAP 4C: NUMBER OF HOUSEHOLDS TYPE OF FUEL USED FOR COOKING
SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA

MAP 5: NUMBER OF HOUSEHOLDS OCCUPYING ONE ROOM BY PARISH



MAP 5: NUMBER OF HOUSEHOLDS OCCUPYING ONE ROOM BY PARISH

SOURCE: POPULATION AND HOUSING CENSUS 2011, STATISTICAL INSTITUTE OF JAMAICA

Table 2.1: Distribution of Tenure Status of Households

Tenure Status	Frequency	Percentage
Owned with a title	1107	44%
Family owned without a title	503	20%
Private rented	517	20%
Rent-free	258	10%
Leased	64	3%
Squatted	38	1%
Other	49	2%
Total	100% (n =2536)	100%

Source: UTECH/SALISES Survey 2009

An increasing number of households in Jamaica favour home-ownership over other forms of tenure. The percentage of households that owned their dwellings, even though fluctuated between years, increased from 56.9 per cent in 2004 to 60.8 per cent in 2013; however, in 2014 and 2015 the percentage fell to 56.1 and 55.3, correspondingly (JSLC 2015). From the UTECH/SALISES survey, of the respondents who did not own the property on which they were living, 53 per cent expressed a desire to purchase the property on which they were living if given the opportunity. The government believes that home-ownership is the aspiration of many in the country, as it gives people a sense of independence and control over their own homes, and an opportunity to secure credit for investment and other purposes.

Many Jamaicans do not have adequate security of tenure over their houses. The UTECH/SALISES Survey (2009) indicated that 20 per cent of the respondents are living on family-owned land without title. The number of persons reporting that they were squatting was less than 2 per cent. It is understood that this figure represents an underreporting of squatting in Jamaica; generally when interviewed informal settlers are hesitant to say that they are squatting. Other studies, for example the MWH study of 2008 indicated that 20 per cent of the Jamaican population were living in squatter settlements. This pattern of insecure tenure is undoubtedly one of the salient features and causes of the housing crisis in the country. Secure tenure allows persons, whether in the formal or informal sector, to access credit to purchase, build or improve their housing.

2.5 Income Distribution

The government, in initiating programmes and policies to support access to shelter is cognisant of the varying income levels that exist. The UTECH/SALISES survey reveals that only 9 per cent of males and 3 per cent of females earn more than \$20,000 per week (Table 2.2).

Table 2.2: Weekly Income of Respondents by Gender

Income per week (Gross)	Male	Female
Less than J\$4,000	24%	34%
\$4,000 - \$9,000	40%	45%
\$10,000 - \$15,000	19%	15%
\$16,000 - \$20,000	8%	3%
More than \$20,000	9%	3%
Total	100% (n =1224)	100% (n =1028)

Source: UTECH/SALISES Survey 2009

During the period 2014 to 2017 the National Housing Trust conducted a housing demand survey across all parishes (Figures 2.1 to 2.3). The data indicated that in all cases less than 10 per cent of the surveyed population were earning incomes within the highest income bands. Further assessment of the gross monthly income of the NHT contributors surveyed showed that the majority of individuals earned incomes within the lowest bands (less than \$21,667 in 2014 and less than \$24,267 in 2015). However, during the period 2016-2017, the majority of contributors earned incomes in the second lowest income grouping (between \$28,867 and \$52,000.00 per month). The percentage of contributors with incomes in the lowest income group ranged between 12 and 41 per cent.

The pattern of income distribution across the parishes was fairly consistent with the majority of individuals (NHT contributors) earning incomes in the lower income groups and tapering off towards the highest. Generally, the majority of respondents in the more urban parishes earned incomes in the second lowest income grouping. On the other hand, the majority of rural respondents earned incomes in the lowest and second lowest income groups (Figures 2.1 to 2.3).

Disaggregation of the data by sex showed that males dominated the upper and middle income groups while the two lowest income bands were consistently dominated by females.

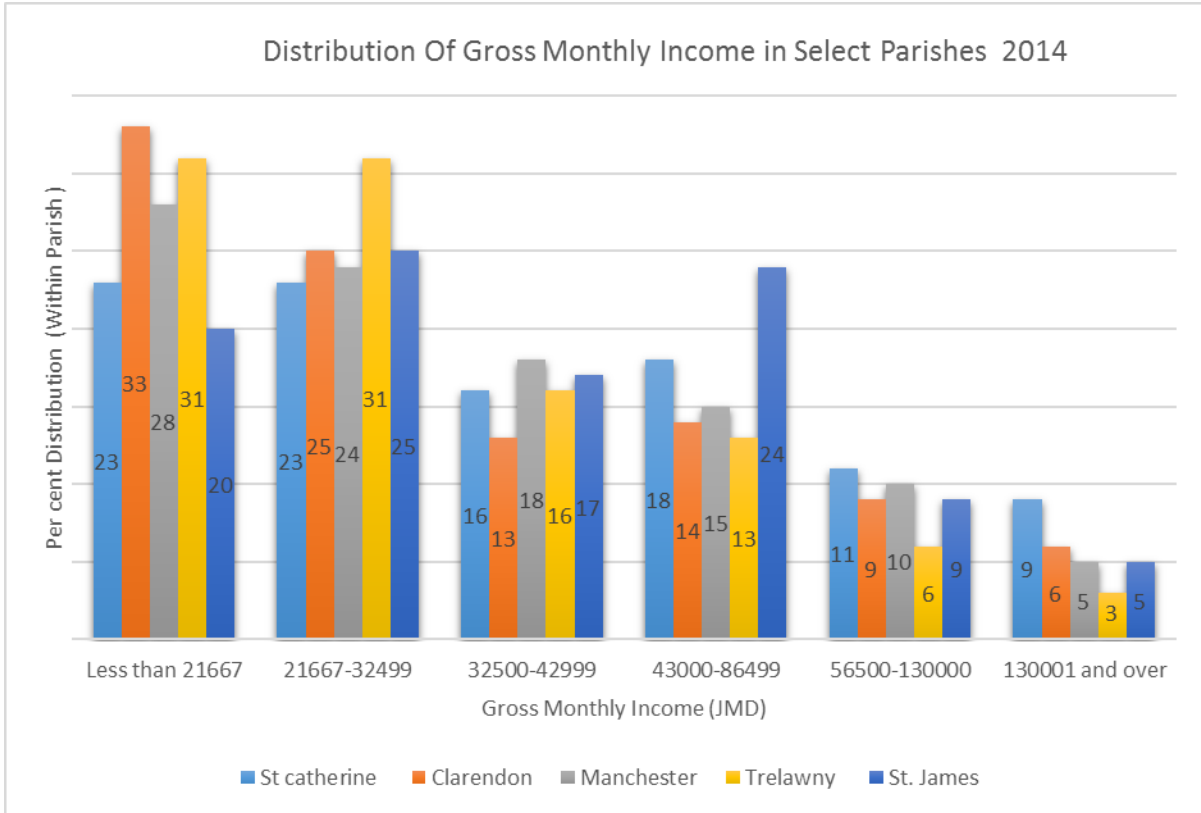


Figure 2.1: Gross Monthly Income in Select Parishes (2014)

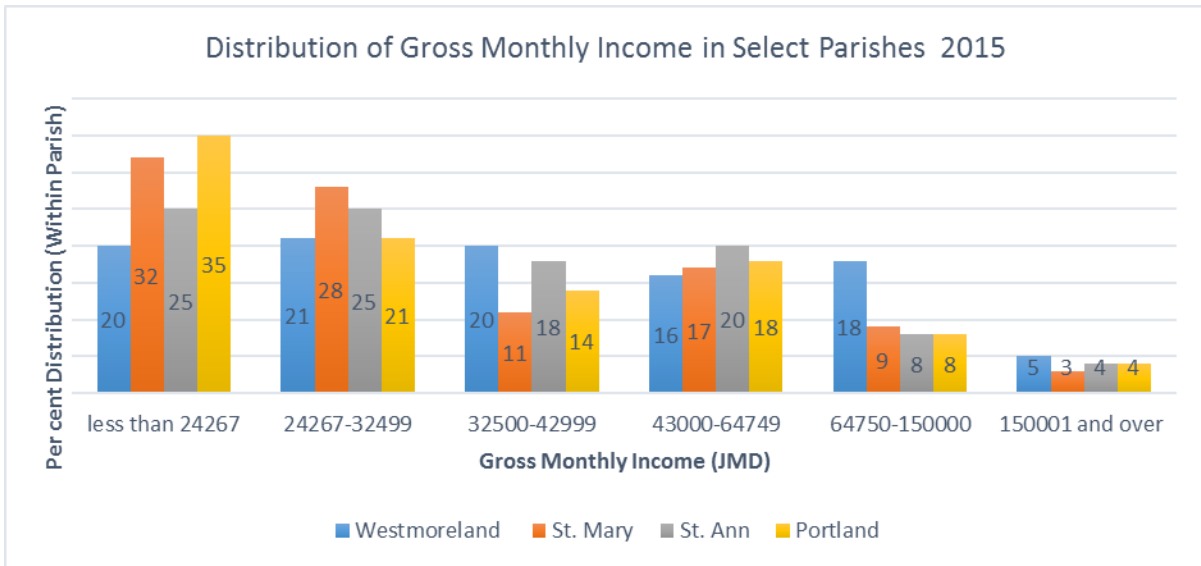


Figure 2.2: Gross Monthly Income in Select Parishes (2015)

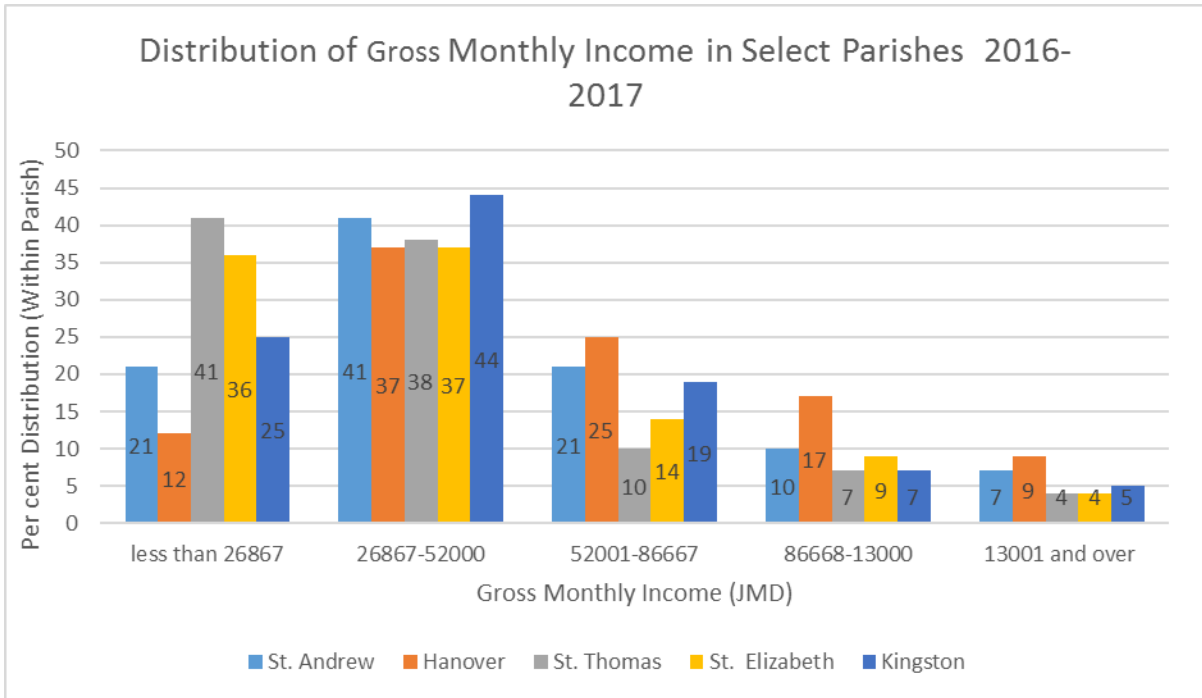


Figure 2.3: Gross Monthly Income in Select Parishes (2016-2017)

2.6 Housing Finance and Affordability

Housing Finance Institutions (HFIs) exist to mobilize lenders' savings and to offer them to borrowers who use the underlying real estate as collateral to borrow amounts, determined by their incomes. Jamaica's problem is that there is too little housing finance, and what is there, is too expensive relative to workers' incomes.

The National Housing Trust and the Jamaica Mortgage Bank are the two (2) principal public sector institutions involved in housing finance. The NHT provides mortgage finance annually from monies received from contributors and mortgage repayments. Calculations undertaken by the Ministry revealed that the total mortgages issued by major agencies between 2012 and 2017 (Table 2.3) translates into 17,336 housing solutions (Appendix 3) at an average cost of JA\$12,920,662.20. The JMB currently provides interim finance at preferred rates below that charged by the commercial banks. Of the private sector agencies, building societies provide the major portion of mortgage loans (Table 2.3).

Table 2.3: Mortgages by Major Agencies, 2011-2016

Specialised Mortgage Agencies	Number of Mortgages						Value of Mortgages (\$ Million)					
	2012	2013	2014	2015	2016 ^r	2017 ^p	2012	2013	2014	2015	2016 ^r	2017 ^p
National Housing Trust	7 205	7 916	6 324	5 964	5 467	6 368	19 387.3	21 697.3	17 711.0	17 080.2	17 159.4	21 345.3
Building Societies	1 281	1 649	1 526	1 639	1 765	1 575	7 399.4	12 264.9	12 099.4	14 349.0	18 416.1	24 058.5
Non-Specialised Agencies												
Life Insurance Companies	43	51	53	42	29	25	254.5	450.8	403.8	639.2	261.4	330.1
Credit Unions	3 155	7 692	5 525	7 409	5 587	6 841	1 656	3 275.3	3 952.9	2 655.1	3 347.9	3 796.1
Total	11 684	17 308	13 428	15 054	12 848	14 809	28 698.9	37 688.3	34 167.1	34 723.5	39 184.8	49 530.0

Source: Economic & Social Survey of Jamaica (ESSJ) 2012-2017

r – revised

p – preliminary figures

The housing finance situation has been made significantly worse by the far greater increase in housing cost compared with incomes. The movement in the Brian Goldson construction index³ shows a level in March 2009 of 11,869, compared to 200 in March 1979 (Figure 2.4). During the same period, the lowest paid worker in 1979 was the sugar worker earning J\$2,500 per annum, compared with the national minimum wage of \$250,000 per annum in 2009. Consequently, effective demand of the minimum wage worker has diminished from being able to afford a two bedroom house on a single wage in 1979 (*Sugar Industry Housing Archives*), to being required to combine 8 minimum wages to purchase the same house in 2009. In 2016, it required 9 minimum wages to purchase the same unit⁴. In the same year, the wage/mortgage ratio to purchase a 2 bedroom unit valued \$9,000,000 (with an annual gross minimum wage \$322,400) was 1:28 moving from 1:21 in 2009 and 1:5 in 1979.

³ An index which provide measures of changes in the prices of either the inputs to, or outputs of, construction activity

⁴ The 2 bedroom unit referred to in 1979 cost \$12,500, approximately \$6,000,000 and \$9,000,000 in 2009 and 2016, respectively.

Although the housing finance regime in Jamaica is fairly well-developed, there is an urgent need for financing to be made more accessible, affordable and sustainable. What is also required is a multidimensional approach involving government, private sector and civil society, to address housing finance challenges.

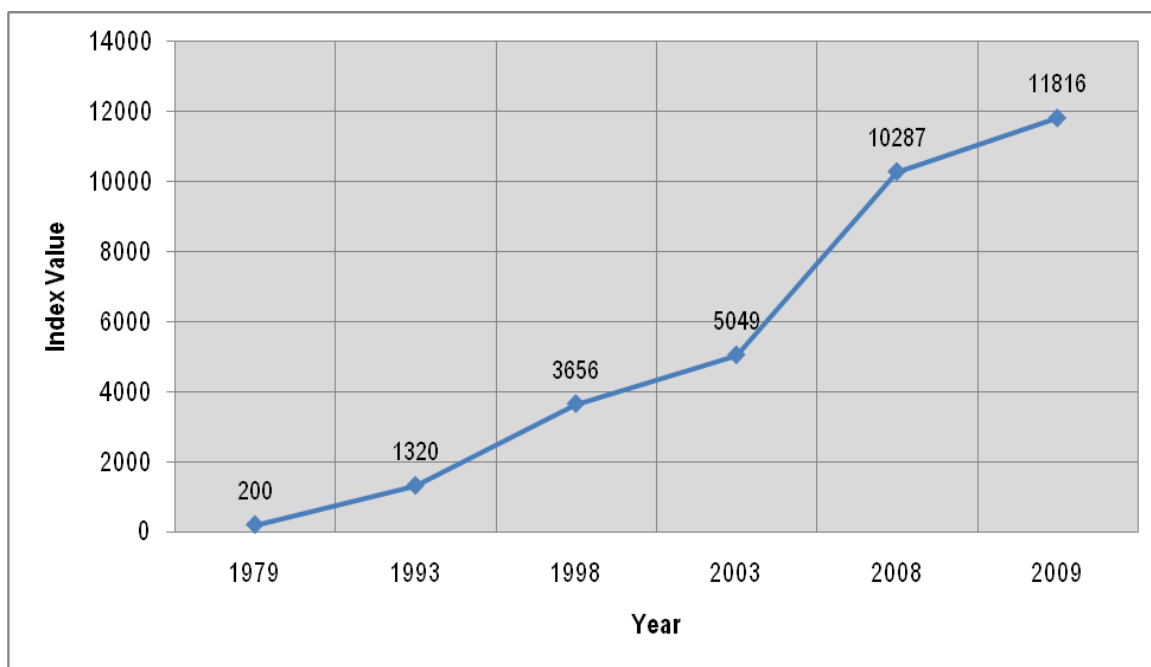


Figure 2.4: Construction Index (Source: Goldson, Barrett, Johnson.)

Historically, HFIs operated as, and were confined to savings and loans in which low interest rates were offered to savers in exchange for low interest rate mortgage loans. Consequent upon financial market liberalization HFI's protected status was removed and they have been forced to compete with other financial intermediaries. They now offer mortgages, reflecting market rates of funds acquisition for Fixed Rate Mortgage (FRM), with adjustable rates to reflect unanticipated risks or inflation. This competitive financial environment has resulted in a reduction in interest rates; the increase number of players and intermediaries has also resulted in an overall increase in funds available for investment in housing (Table 2.4). Additionally, as a result of the IMF arrangement, HFIs no longer invest such a significant percentage of their assets into Government paper.

Table 2.4: Building Societies Asset Structure

Total Assets	Loans and Advances	Foreign Assets	Government Securities	Other
J\$253.4B	J\$119.8B	J\$59.3B	J\$23.6B	J\$46.7B

Source: Bank of Jamaica Statistical Digest, March 2016

According to the 2009 UTECH/SALISES survey, mortgagors who earned J\$20,000 per week could at best afford to borrow singly, J\$2.0M or less; and when infrastructure and core shelter costs were added, only J\$3.0M. This limits access of the vast majority of the population to private mortgage finance where 28 per cent were able to afford approximately \$436,000, and the next 42 per cent could afford \$710,000 (at the 17 per cent interest rate, which is however now significantly lower), which is less than the cost of a serviced lot (Figure 2.5).

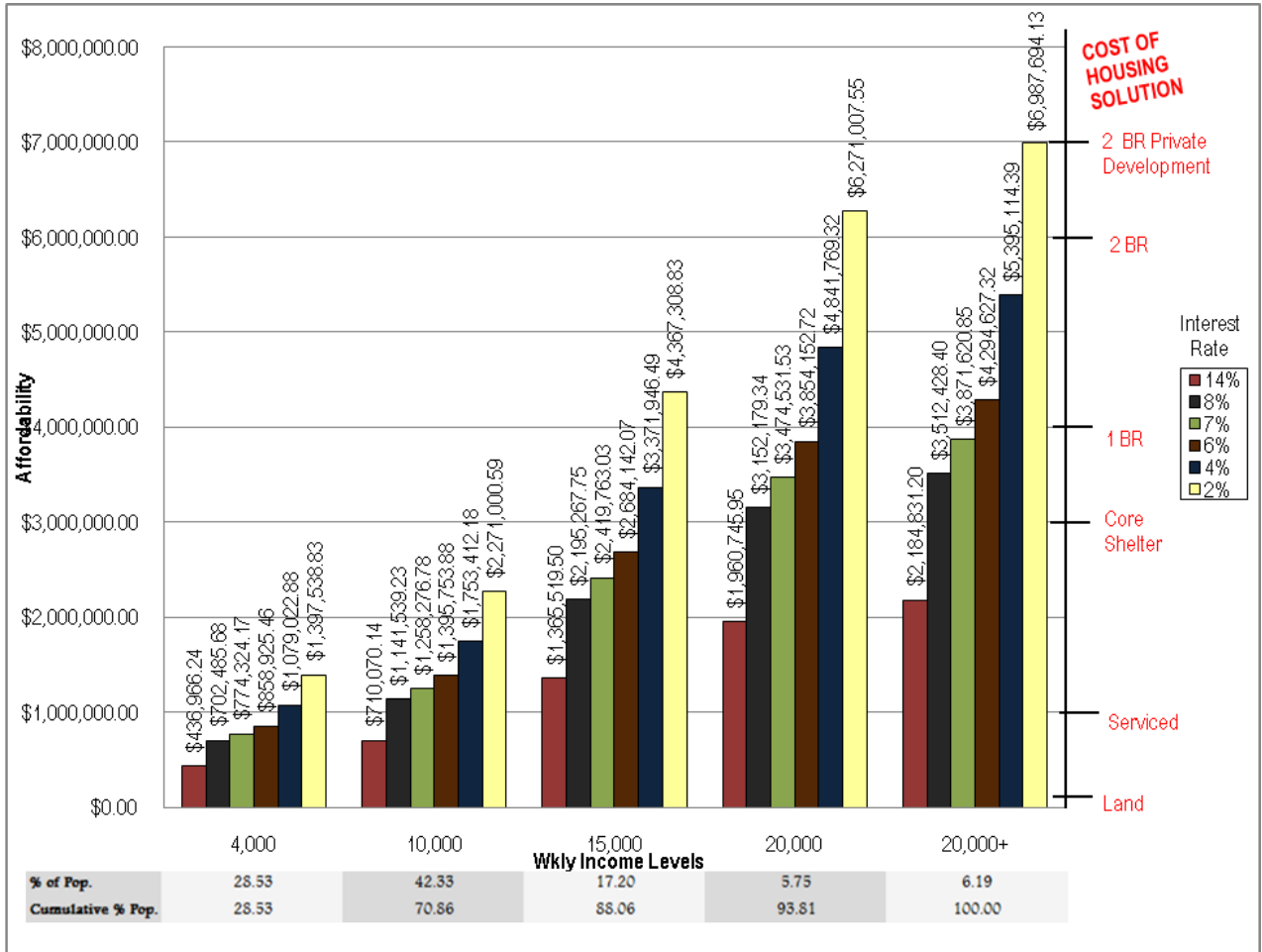


Figure 2.5: Workers' Affordability at different Income Levels and Interest Rates

Source: UTECH/SALISES STUDY 2009

A more recent survey undertaken by the NHT (2014 to 2017 housing demand survey) revealed that 15 per cent of the survey population was able to afford housing units priced at \$3M to \$3.99M. The largest proportion of the population (20 per cent) was able to afford housing units in the range of \$4M to \$4.99M; 18 per cent - \$5M to \$5.99M; 16 per cent - \$8.01M and above.

The NHT was conceptualized in 1976 based upon a 5 per cent payroll contribution as the single leading supplier of Housing Funds. It provides mortgages at heavily subsidised rates of zero to 6.0 per cent, depending on

incomes. But even here, the objective of assisting poorer contributors is frustrated by the fact that better off contributors obtain the majority of loans; 47.3 per cent of benefits go to persons earning over \$80,000 per month while 4.4 per cent go to the persons earning \$20,000 per month or less (UTECH/SALISES Survey). The same survey revealed that only 12 per cent of the working population earns more than gross \$20,000 per week (80,000 per month) while 11 per cent earned between \$16,000 and \$20,000 per week (\$64,000 and \$80,000 per month). An improvement of this low income situation is of paramount importance as it relates to addressing the limited access to housing finance.

An assessment of Jamaica's housing market conducted in 2014 as part of the Financial Sector Assessment Program (FSAP) indicated that mortgages represented 28% of all loans and 40% of all retail lending. The assessment indicated that the NHT is the major actor issuing approximately 7,000 loans per year however, 80 per cent of the population is excluded from mortgage financing. Informal and low income borrowers have little financial and institutional access to housing loans, as only NHT offers affordable products. Additionally, as previously noted the conversion rate from NHT contributor to mortgagor averages approximately 30 per cent across all income segments with the exception of the lowest income band where the conversion rate was approximately 11 per cent as at March 2017 (NHT, 2017).

In this environment there is both the issue of affordability and quantity of funds, since according to the ESSJ 2017 report total mortgage investment in housing stood at approximately J\$49,530.0 million representing 4.9% per cent of GDP with J\$28,184.7 million from private mortgage lending institutions and J\$21,345.3 million from the NHT. Many developing liberalized economies are at 30 per cent GDP and the USA's is at 80 per cent, and such investment is restricted to the top deciles of incomes as shown by the UTECH/SALISES survey (Table 2.2). A radical reallocation of existing resources toward lower income groups and a significant increase in affordable funds is a pre-requisite for addressing Jamaica's current housing situation.

2.7 Existing Legal Framework

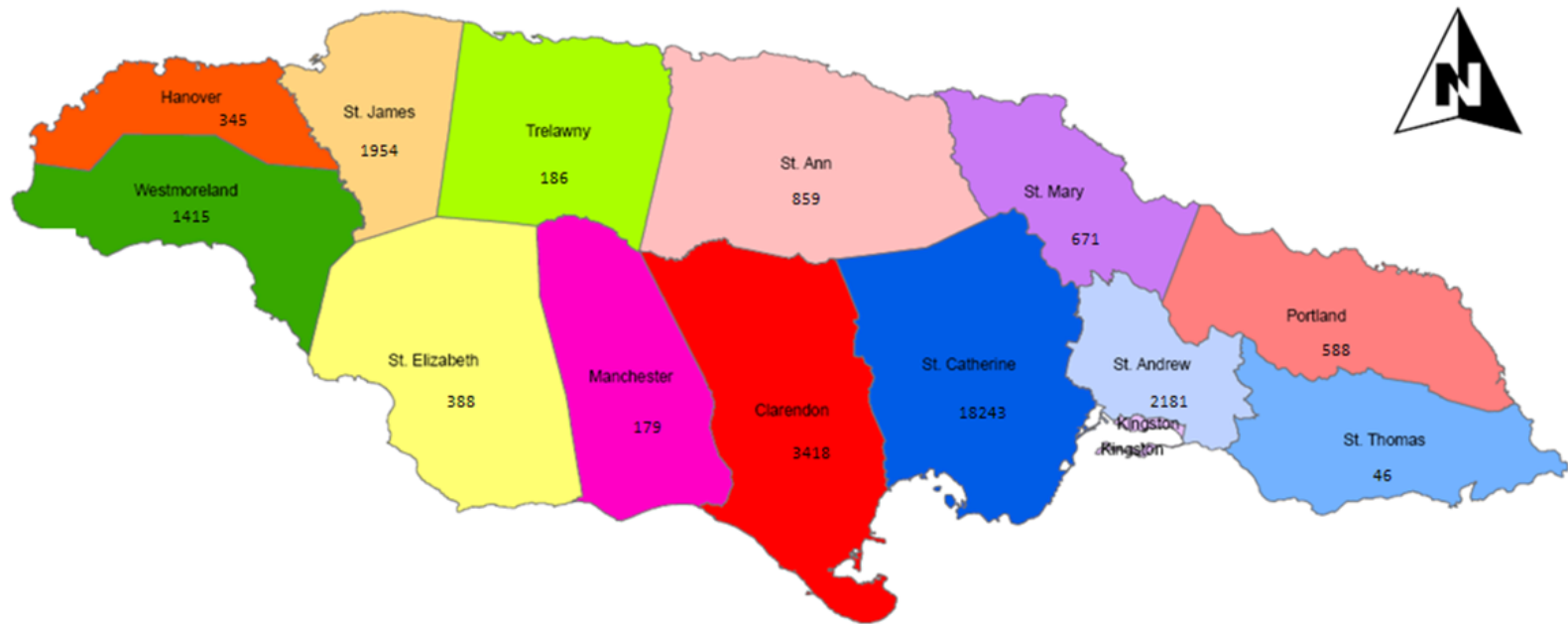
The housing sector in Jamaica is governed by several pieces of legislations and regulations. These include the following: the Housing Act (1968), the National Housing Trust Act (1976), the Urban Development Corporation Act (1968), the Town and Country Planning Act (1957), the Local Improvements Act (1914), the Real Estate Dealers and Developments Act, the Registration (Strata Titles) Act (1969), the Restrictive Covenants (Discharge and Modification) Act (1960), the Rent Restriction Act (1983), the Natural Resources Conservation Authority Act (1991), Registration of Titles Act (1889), Mortgage Insurance Act (1960), Local Improvements (Communities Amenities) Act (1977) and, the Building Act (2018) (See Appendix 5).

There is an overlap between the Local Improvements Act (1914) and the Town and Country Planning Act (1957). The former was primarily designed to control and govern the subdivision of land for sale or building. The Town and Country Planning Act (1957) also deals with the subdivision of land but is, however, only applicable in areas covered by a development order. At present, there are areas of the island not covered by a development order and hence, these areas are not under the ambit of the Town and Country Planning Act. The entire island is, however, covered by the Local Improvements Act.

2.8 Housing Programmes

Successive governments have experimented with a wide range of housing programmes since independence with support from different stakeholders. These programmes were aimed at improving the quality of life within communities, through improved access to infrastructure, housing subsidies and tenure security (Map 6). These include the Indigent Housing Programme, Slum Clearance Scheme, Settlement Upgrading, Sites and Services, Sugar Industry Housing Programme (SIHP), Joint Venture Programme, Operation PRIDE, Relocation 2000 and the Inner-City Housing Programme (ICHP), have all been implemented with varying degrees of impact. These housing programmes generally target lower and lower-middle income groups. Other income groups are served essentially by the private sector through various types of housing solutions.

MAP 6: NUMBER OF PUBLIC HOUSING PROJECTS IMPLEMENTED BETWEEN 1990 - 2005



1:850,000



SOURCES: ECONOMIC AND SOCIAL SURVEY OF JAMAICA, various yrs, NATIONAL HOUSING TRUST, STATIN various yrs
Note: Figures for Kingston and St. Andrew have been combined

The **Indigent Housing Programme** was established by the then Ministry of Local Government and Housing to provide adequate housing for the country's indigent (those persons without homes of their own who reside in infirmaries, and others who live in their own homes, but who require and receive assistance from the state).

More recently, a Special Indigent Housing Project coordinated by the Ministry of Local Government and Community Development is involved in the construction, repair or rebuilding of the domicile or sanitary convenience for indigent persons or institutions which house the indigent.

The Indigent Housing Programme is evidenced by the 15 infirmaries established island-wide providing accommodation to some 1,500 beneficiaries including the aged, disabled, mentally challenged, abandoned and homeless. Locations of infirmaries include Old Passage Fort, Portmore Gardens, and Central Village.

Slum Clearance Schemes of the 1960s, for example, resulted in significant dislocation in squatter settlements. The **Settlement Upgrading** initiative which took its place, also experienced great difficulty in implementation and increased costs in retrofitting infrastructure. An example of slum clearance included Ackee Walk/Back-O-Wall which later became Tivoli Gardens.

The **Sites and Services Programme**, initiated in 1976 and financed jointly by the World Bank and the Government of Jamaica (GOJ), promulgated a self-reliant approach to providing housing solutions within low-income urban communities. This programme resulted in the provision of some 6,000 serviced lots and the upgrading of a small number of squatter settlements. The programme gave priority to female headed households, large family households and construction workers. The Sites and Services programme allowed for a more personal and individual input in housing design and the type of material used for construction. In addition, individuals could exercise an incremental approach to the development of their lot. The four large sites were De-La-Vega City, Seaview Gardens, Nannyville and Catherine Hall.

The **Sugar Industry Housing Programme (SIHP)** was launched in 1975 with a J\$5 million interest free loan from the Sugar Industry Price Stabilisation Fund. The programme focused exclusively on sugar workers which were considered to be the largest group of organised workers in the country. Four types of housing benefits were available under the programme. These were: scheme houses for sale or lease, build-on-own land, home improvement loans and loans for purchasing houses on the open market (Tindigarukayo, 2004). Between 1976 and 1982 a total of 3,500 units were built for sugar workers (McHardy and Donovan, 2016).

The programme was rebranded in 2000 as the Sugar Workers Housing Programme (SWHP); this is a joint effort between the NHT, the GOJ and trade unions representing sugar workers (McHardy and Donovan, 2016). As at year 2006, approximately 1,900 residential lots have been delivered under the Sugar Workers' Housing

Programme (JIS, 2006). The programme has resulted in lots delivered in Bellrock (19); New Yarmouth (79); Monymusk (587); Frome (665); Appleton (140); and Bernard Lodge (402 (JIS, 2006). The NHT has responsibility for project management, construction financing and provision of mortgage funding at concessionary rates, while the sugar estates are responsible for providing suitable land, and where possible, provide material and equipment for the project (JIS, 2006).

According to JMB (2004), the programme has major implications for rural development and provides a much needed subsidy in the form of public land under the control of various sugar estates. Its impact however was severely limited due in part to lack of development capital.

The **Joint Venture Programme** was established in 1974 to facilitate the development of lands (owned by the Minister of Housing) by private developers. The Ministry provided the site and local expertise while the private developers provided technology and identified local and foreign investment capital. More recently the Housing Public-Private Partnership Programme (HPPP) has evolved. Under the revised Housing Public Private Partnership (HPPP) Policy, the developer brings to the table technical expertise, and leverages financing and in some instances land for the development. The Ministry for its part offers easier access to lands suitable for development, reduction in the timeline for the approval process, quicker access to titles and tax incentives. Information gleaned from the Technical Services Unit of the Ministry revealed that as at 2016 a total of 38 Joint Venture Projects were undertaken amounting to 8,321 housing solutions. Additionally, nine (9) Facilitation Projects⁵ were undertaken providing 3,715 housing solutions.

The Programme for Resettlement and Integrated Development Enterprise (PRIDE) was initiated in 1994 and was modelled on the settlement upgrading programme of the 1970s and 1980s. It was established to deal with the problem of shelter and squatting in Jamaica. One of its aims was to empower people, allowing them through legally constituted community organisations such as Provident Societies, with the help of government, to manage the transformation of squatter settlements into organised and well-structured communities.

There were three basic types of PRIDE programmes:

1. **The Squatter Upgrading and Regularisation Programme** which targeted low-income households who occupied land which did not belong to them (brown field sites).
2. **Greenfield Sites** which targeted low-income and lower-middle income earners from existing squatted areas where upgrading was not possible due to cost or unsuitability as a residential area.

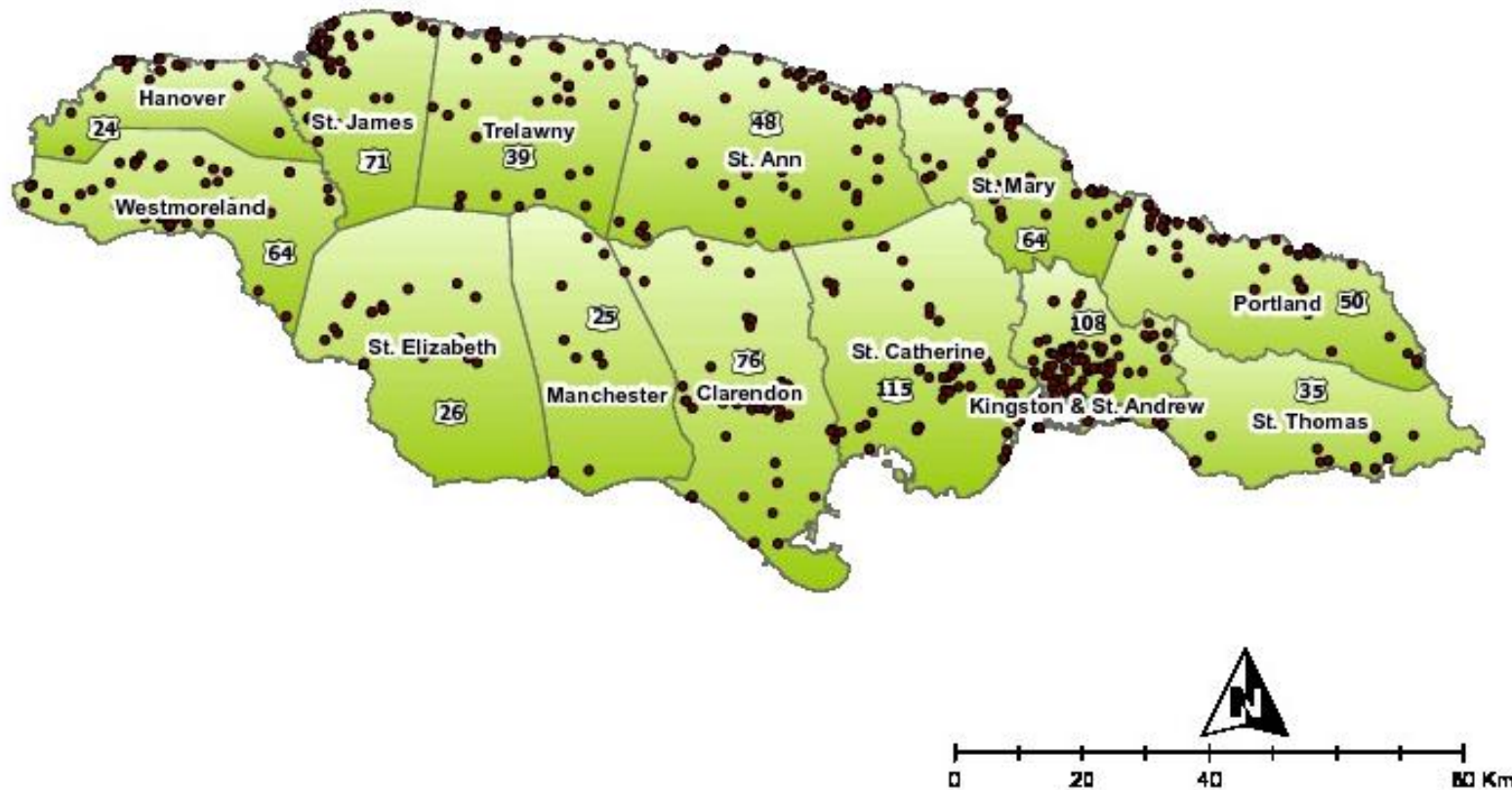
⁵ A Housing Public Private Partnership where the project land is owned by the private party

3. **The Greenfield Public Sector Employees Programme** which targeted beneficiaries with secure, steady and higher incomes than those in the other programmes.

While the intent of the programme was to provide secure tenure and stimulate more permanent construction and better housing within the squatter settlements, the general arrangements for management were ineffective leading to cost overruns and insufficient repayment of the sums expended by government. Concerns with the performance of the programme, partially resulted from insufficient attention to the social and political constraints under which such projects operated. Additionally, the number of squatter settlements which it attempted to address was so large that it created a strain on limited government resources (Map 7).

PRIDE resulted in the provision of 13,010 planned solutions; the regularisation of 113 informal settlements island-wide where some 10,239 titles have been issued; and the completion of 32 projects.

MAP 7: DISTRIBUTION OF SQUATTER SETTLEMENTS BY PARISH



MAP 7: DISTRIBUTION OF SQUATTER SETTLEMENTS BY PARISH

SOURCE: RAPID ASSESSMENT OF SQUATTING IN JAMAICA, MINISTRY OF WATER AND HOUSING, DECEMBER 2008

The **Relocation 2000 Programme**, initiated in 1999 was the result of a partnership among various government agencies such as the then MWH, NHT, SDC, NWC, Jamaica Public Service Company Limited (JPSCo.), Petroleum Corporation of Jamaica (PCJ) and Jamaica Defence Force (JDF). Each contributed differently to the project. Other NGOs and private agencies were also part of the partnership.

The intent of the programme was to move persons living under conditions of insecure land tenure, overcrowding, poor hygiene, environmental hazards and a lack of social and physical amenities into more suitable accommodations which were subsidised. The NHT was responsible for the tenure arrangements with the beneficiaries which ranged from full ownership (with low interest mortgage) to lease arrangements.

Concerns regarding the outcome of the programme were raised, which included the following:

1. Identification of suitable alternative sites for relocation;
2. Delays in implementing the project;
3. Possibility of slum creation;
4. Perceived deterioration in property value in the alternative site;
5. Stress on existing social and physical amenities and infrastructure; and
6. Difficulty with social and economic adjustment.

The Relocation 2000 programme focused on the relocation of residents in squatter communities such as Railway land and Barracks Road to Providence Heights in St James; Seville to Bell Aire in St. Ann; and Mona Commons in St. Andrew.

The **Inner-City Housing Project (IHP)**, implemented by the National Housing Trust (NHT) in 2005, was established to address the physical deterioration of the downtown Kingston housing area. This project fell within government's policy objectives under the Urban Renewal Programme which was outlined by the Planning Institute of Jamaica. It aimed to "promote sustainable development in the inner city communities of the Kingston Metropolitan Area (KMA) through the improvement of physical and social infrastructure, the creation of employment opportunities and a general improvement in the quality of life for citizens in these communities". This project was aimed at constructing five thousand (5,000) new housing units (apartments) in fifteen (15) degraded inner city urban communities at a cost of J\$11.5 billion within a four year time span 2004-2008. All beneficiaries would have benefited from NHT low interest mortgages to purchase two bedroom units priced at J\$1,100,000 and three bedroom units priced at J\$1,300,000. As at 2017, a total of 1,220 units were built and handed over to beneficiaries. Of this total, two bedroom and three bedroom units accounted for 890 and 330 units, respectively.

The setbacks of the ICHP were largely due to the high levels of subsidies on the projects, changes in design, increased construction costs and arrears in mortgage payments. ICHP project locations include Denham Town, Hannah Town, Majestic Gardens, Maxfield Avenue, Monaltrie, Spanish Town Road, Swallowfield, Tivoli Gardens, Trench Town, Parade Gardens, Tarrant, Prison Lands, Delacree Park and White Wing.

CHAPTER 3: THE POLICY

3.1 Policy Objectives

The issues which emerged from the analysis of the country's housing sector in Chapter 2 were grouped into a series of housing policy elements, namely: Construction Services Sector; Community Participation; Housing Programmes; Housing Need, Demand and Supply; Housing Finance; Housing Subsidies; Affordable Housing; Housing Design; Housing Cost; Special Needs Housing; Indigent Housing; Emergency Housing; Rural Housing; Housing Agencies; Infrastructure; Housing Rehabilitation and Maintenance; Institutional Arrangements; Research and Development; Land Supply; Housing Tenure; Legal Framework and Squatter Settlements. These housing policy elements were then grouped under the six (6) categories, reflecting the policy objectives outlined in the Terms of Reference (Table 3.1).

Table 3.1: Policy Objectives (PO) Categories

A. Affordability	B. Public/Private Sector Partnerships	C. Social Housing	D. Planning, Management & Governance	E. Legal Framework	F. Squatting
Promote a wide range of housing choices for all income levels (PO2)	Foster partnerships with the private sector and other providers to increase the supply of additional housing solutions to meet projected demand (PO4)	Provide a framework to support the delivery of social housing particularly for the vulnerable and disadvantaged (PO8)	Rationalise the roles of the public sector agencies directly involved in the provision of housing (JMB, NHT & HAJL) to facilitate a more efficient and effective utilisation of resources (PO5) Encourage the optimal use of existing and proposed infrastructure in the provision of housing to reduce urban sprawl and facilitate urban renewal (PO11)	Provide an overview of existing policies and legislation impacting the sector and make recommendations for their improvement (PO1)	Promote, where appropriate, the upgrading of informal settlements and urban slums as an expedient measure and pragmatic solution to the urban shelter deficit (PO14)
Streamline the role of the housing finance sector to increase accessibility and reduce bureaucracy (PO9)	Identify strategies to formalise the informal sector in the production of housing (PO6)	Coordinate rural housing with existing and future plans for agro-industrial development (PO18)	Identify mechanisms to make land more accessible to all income groups, for housing development (PO7) Provide a framework for an information management facility for the housing sector (PO10)	Improve the legal arrangements among stakeholders in the sector (PO15)	Develop a strategy to promote safety in communities (PO19)
	Foster partnerships with civic organizations, non-profit and for profit organizations and other interested parties to ensure the improvement and continued viability of existing neighbourhoods through preservation of the existing housing stock. (PO17)		Develop a framework to promote the sustainable use of resources in the housing sector (PO3) Promote integrated settlement development in keeping with the National Settlement Strategy (PO12) Establish mechanisms to reduce the impacts of natural disasters and other emergencies on human settlements <i>inter alia</i> through appropriate planning. (PO13)		
	Provide a mechanism to monitor and evaluate the implementation of the policy (PO16)				

A. Affordability

The following will be considered under this section: Housing Need, Demand and Supply, Housing Finance, Housing Subsidies, Affordable Housing, Housing Design and Housing Cost.

A1 Housing Need, Demand and Supply

A1.1 Introduction

The large scale of the housing deficit and the rapid growth in housing demand represent a huge task for housing policy. Housing demand varies according to economic conditions and population fluctuations, as well as policy decisions which may create housing needs.

The target established in the Situational Analysis would be to produce up to 15,000 units per annum considering that some of this will involve replacement housing in relation to squatter relocation.

Despite the efforts over many years by various governments, Jamaica continues to experience a severe shortage of housing. The supply of new housing (see Map 8) has not been able to keep pace with the demand and the need for replacement of obsolete stock and change of use, particularly in major urban centres. To compound the problem, there is a mismatch between the cost of new housing and affordability by those in greatest need.

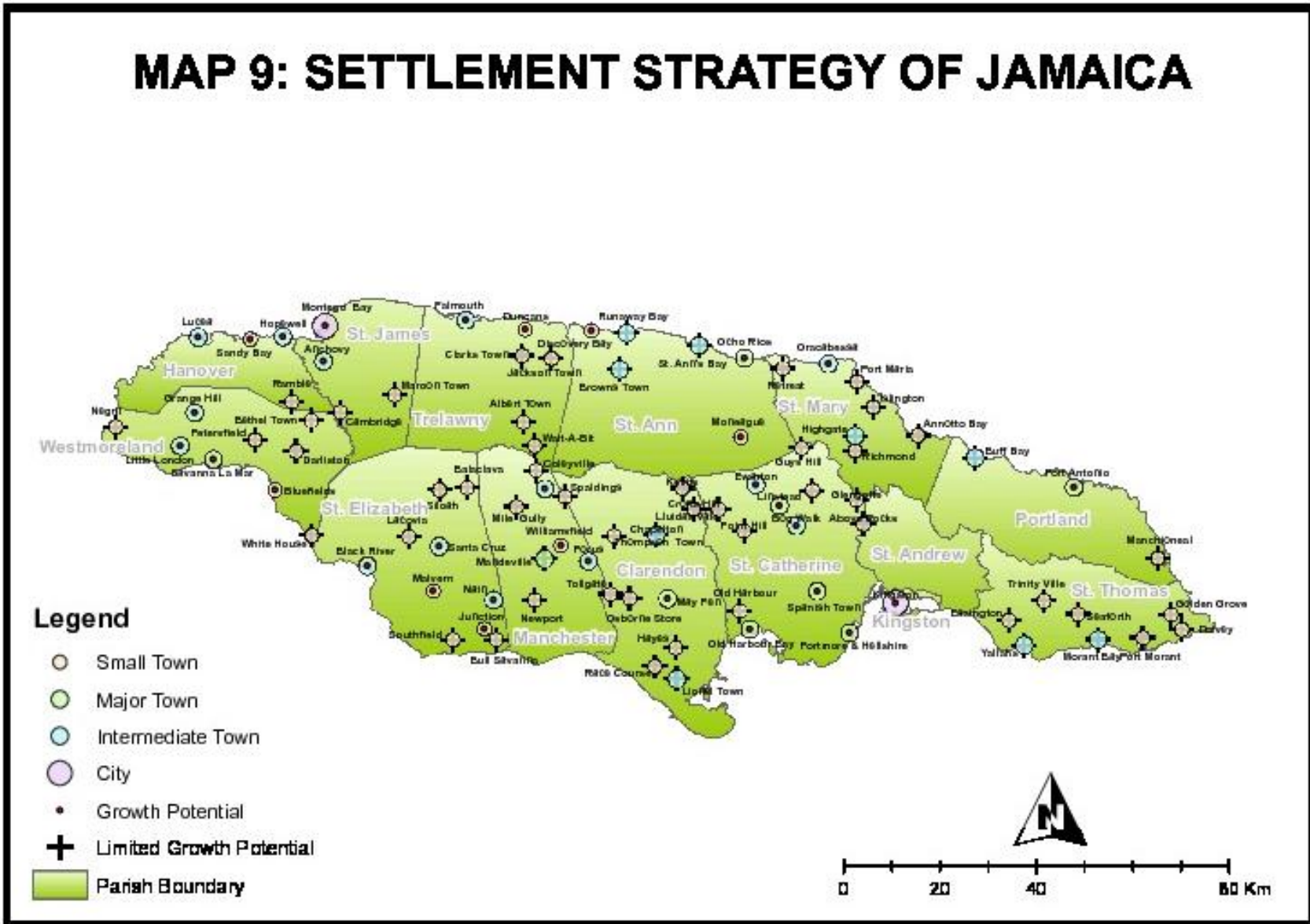
A1.2 Policy Measures

In order to achieve this housing target, government will set in train, highly focused measures to address the current serious imbalance between supply and demand, and restore the confidence of the public and investors in the property market. The following policies will therefore be adopted:

A1.2.1 Prepare development plans/orders for all parishes and promote development in harmony with the country's settlement strategy (Map 9)

- Encourage the preparation of a National Spatial Plan to guide development planning
- Ensure that the entire island is covered under the Town and Country Planning Act (TCPA)
- Ensure that all parish development plans are prepared
- Encourage the preparation of local area plans

MAP 9: SETTLEMENT STRATEGY OF JAMAICA



MAP 9: SETTLEMENT STRATEGY OF JAMAICA

SOURCE: STATISTICAL INSTITUTE OF JAMAICA & MINISTRY OF LOCAL GOVERNMENT 2010

A1.2.2 Ensure the allocation of adequate and suitable supply of land

- Pursue the acquisition of adequate and suitable land to increase land banking for future housing projects
- Encourage housing agencies to identify lands and prepare designs to facilitate prospective developments
- Establish adequate land management strategies to satisfy current and future housing need

A1.2.3 Promote the efficiency and effectiveness of the development applications review and approval processes

- Encourage the completeness and compliance of applications at first submission
- Work in concert with approval agencies to reduce processing time for applications
- Encourage the strengthening of the institutional capacity of the relevant approval agencies

A1.2.4 Improve the monitoring and enforcement capacity of the Planning and Environmental Authorities

- Encourage the strengthening of the institutional coordination and the capacity of the enforcement arm of Ministries Departments and Agencies (MDAs)
- Enhance the regulatory framework to ensure greater compliance

A1.2.5 Facilitate incremental housing development

- Increase the provision of serviced lots for persons to erect their own houses at a pace they can afford
- Provide incremental housing units
- Promote minimum standards and design options

A1.2.6 Increase housing densities

- Promote multi-family dwellings where infrastructure is adequate, particularly in urban areas

A1.2.7 Increase the supply of housing units targeting low to middle income earners

- Provide incentives to facilitate the construction of affordable housing units for low to middle income earners including young professionals
- Provide a guaranteed market from the NHT to developers who provide housing solutions in prescribed areas (for example within the tourist belt and other areas with unmet housing need) at established price points, through a guaranteed purchase programme.
- Promote the provision of rental, leasehold and freehold housing solutions in sector specific locations, for example within tourism belts, university towns, Business Process Outsourcing (BPO) zones and other locales
- Streamline the housing design, evaluation and delivery process by standardizing and packaging low income housing developments that the NHT is willing to fund, in an attempt to address the low income housing backlog.

A2 Housing Finance

A2.1 Introduction

The major concern of the housing finance system in Jamaica today is to secure a larger volume of funds to facilitate substantial increases in the housing stock and to extend housing finance services to the majority of Jamaicans at affordable costs.

Access to housing finance is a major constraint to achieving the goals of this policy. There is enormous need for housing, which depends critically on the availability of long-term housing finance on a very large and sustainable scale. In achieving the overarching objective for housing, government will, in conjunction with the private sector, develop an efficient and responsive housing finance system which takes into consideration the relatively low incomes of many Jamaicans.

Housing finance plays a critical role in enabling households to acquire good quality homes. A home is the largest investment that most households ever make, generally costing several times a family's annual income. Without affordable, long-term financing, households are forced to live in inferior situations while they accumulate the savings necessary to purchase and improve their homes.

A2.2 Policy Measures

Recognising the importance of housing finance to housing access, government will:

A2.2.1 Adopt bold and new Affordable Mortgage arrangements:

- Promote the use of new mortgage instruments, e.g. new inflation-sensitive and shared equity mortgage instruments primarily for private sector HFIs [See Appendix 6 on affordable mortgages for full details on how these can be accomplished].
- Encourage syndication among HFIs to provide financing for developers to facilitate housing developments, for example JMB's partnership with the National Commercial Bank (NCB) to fund students housing at the University of West Indies (UWI), Mona.
- Adopt a 'no down-payment' policy in carefully specified circumstances
- Adopt preferential mortgage rates for persons in need of subsidies, to be offered through private mortgage lenders and the NHT.
- Provide lower mortgage interest rates by way of Mortgage Liquidity Facility (MLF) to primary mortgage lenders
- Make responsive adjustments to NHT's interest rates, income bands and loan limits to respond to market trends
- Make provisions for public sector workers to access a second NHT mortgage within ten years of their first loan
- Encourage lease to own arrangements
- Make provision for variable interest rates which serve to protect both the lender and the borrower, where market interest rates are subject to change.
- Encourage split monthly mortgage payments
- Encourage declining balance payment methods

A2.2.2 Develop the Secondary Mortgage Market (See Appendix 7)

- Increase the supply of affordable funds for housing through a Secondary Mortgage Market
- Invite participation in the Secondary Mortgage Market

A2.2.3 Expand the Primary Mortgage Market

- Provide critical market support for key functions in the expanded mortgage market by providing mortgage guaranteed insurance and increasing micro lending

A2.2.4 Ensure effective mortgage collection

- Promote arbitration as an option to litigation
- Encourage private sector collection agencies to purchase bad debt
- Encourage the foreclosure method of bad debt collection as a last resort
- Solicit the cooperation of the private and public sectors in order to provide risk coverage for mortgage portfolios

A2.2.5 Streamline Housing Finance Institutions

- Work in partnership with stakeholders to review and update relevant legislation, regulations and procedures
- Restructure the roles of Housing Finance Institutions where necessary to mitigate duplication of efforts

A2.2.6 Strengthen sources of funding for incremental and low-income housing development

- Expand resources available to the micro-lending sector to complement savings and remittances (See Appendix 8)
- Encourage partnerships between the NHT and Mortgage Financing Institutions to facilitate access to funding for low income contributors to finance down-payments on housing solutions

A2.2.7 Encourage domestic and financial institutions to accept remittances and other verifiable forms of contributions as part of the formal eligibility requirements for mortgages.

- Solicit the cooperation of housing finance institutions to consider remittances and other forms of verifiable contributions as part of the eligibility requirements for mortgage loans

A2.2.8 Coordinate housing affordability and finance programmes with macro-economic objectives.

- Ensure that the production of affordable housing fits within the agreed macro-economic objectives

A2.2.9 Encourage low income housing developments by providing interim financing to developers at preferential interest rates.

- Provide financing from the resources of the Mortgage Liquidity Fund (MLF) for on-lending primarily to housing developers.
- Provide concessionary interest rates to developers for low cost housing solutions

A2.2.10 Promote the provision of “Bridge Loans” between NHT and private mortgage lending institutions

- Make provisions for the NHT to take over loans from private mortgage lending institutions in regard to contributors of the Trust who secured mortgage loans from private institutions prior to qualifying for same from NHT

A3 Housing Subsidies

A3.1 Introduction

Subsidies are *incentives provided by the Government to enable and persuade a certain class of consumers or producers to do something they would not normally do by lowering the opportunity cost or otherwise increasing the potential benefit of doing so.*⁶ Within the framework of an enabling housing policy, subsidies are a safety valve or last resort, after policies to expand the market through improved access to land, finance, improved legislation and regulation have been fully extended.

Subsidies are provided for one of four (4) general purposes:

1. To stimulate economic growth

The Tourism Enhancement Fund or the tax breaks on new tourism investments are subsidies, as is Industrial Incentive legislation aimed at boosting employment and GDP.

2. To compensate for the inefficiencies in the operation of the market

There may be insufficient supply of housing generally or in a particular area or for a particular group (low-income) for which a housing subsidy may be applied, since the market in Jamaica is oriented towards higher income housing in which profits are more easily earned.

3. To achieve fairness, justice and social equity

In a population with a high degree of income inequality, for example: Jamaica's GINI Coefficient of 0.3803 (JSLC, 2015) indicates pervasive inequalities, housing price breaks may be awarded to lower income groups to ameliorate their financial disadvantage and increase their effective demand.

4. To promote public health, sound environmental practices and national security

⁶ Adapted from US Congress 1969 Marja Hoer-Smit: Wharton School of Finance

Lack of sanitary conveniences, potable water and the presence of sewage filled drains threaten directly the health of the population and the natural environment. For example, untreated sewage will pollute water sources and beaches and damage coral reefs. Therefore government intervention is frequently required to ameliorate these circumstances.

In Jamaica where low-incomes are a dominant feature of the economy, housing subsidies are essential to compensate for the low effective demand of many consumers. Subsidies must be evaluated according to their purpose, effectiveness and their cost. Two types have been discussed: Supply Side and Demand Side (see Appendix 9 for full discussion).

A3.2 Policy Measures

Recognising the importance of housing subsidies, Government will adopt the following policies:

A3.2.1 Expand, refashion and monitor existing housing subsidy programmes

- Examine and modify (as necessary) existing housing subsidy programmes
- Provide (as the country's fiscal space allows) relief from GCT, as well as stamp duty and transfer tax in keeping with the GCT Act, Housing Act and Transfer Tax Act for social and low income housing development projects.
- Conduct periodic monitoring of housing subsidy programmes to ensure their effectiveness

A3.2.2 Promote a special interest rate for low income households

- Establish differential interest rate subsidies based on income.

A3.2.3 Provide housing grants to prospective homeowners and renters who meet eligibility criteria

- Provide housing grants in the form of credit or cash to prospective homeowners and renters

A3.2.4 Provide concessionary interest rates to housing developers to stimulate low-income housing construction

- Provide low interest construction financing to developers who provide housing solutions within a particular price range
- Utilize building materials and adapt construction technologies that will result in low cost solutions

A4 Affordable Housing

A4.1 Introduction

The development of housing that is affordable to Jamaicans has always been an important issue. Rising property values, infrastructure constraints and increasing building material costs have all contributed to a country-wide situation where affordability is difficult, if not impossible, to achieve.

Internationally (and adopted in Jamaica), a commonly accepted guideline for housing affordability is a housing cost that does not exceed 30 per cent of a household's gross income. Housing costs considered in this guideline generally include property tax and insurance for owners, and sometimes include utility cost and maintenance. When the monthly carrying cost exceeds 30 per cent of household income, then housing is considered unaffordable for that household.

A4.2 Policy Measures

Jamaica's current affordability challenges are the product of a number of processes including the availability of suitable land (particularly in urban centres), land use regulations and growth in the demand for housing. Government will therefore:

A4.2.1 Make available more suitable government owned land for affordable housing projects

- Identify unutilized and underutilized government owned land that could be used for affordable housing projects in 'suitable' locations

A4.2.2 Encourage the private sector and NGOs to make land available for affordable housing development

- Liaise with private land owners to make land available for affordable housing projects
- Provide tax incentives to private developers in keeping with the provisions of the Urban Renewal (Tax Relief) Act and other related legislations
- Develop and/or amend policies and legislation to allow for effective and targeted planning within the housing sector, including the provision of incentives to encourage private developers and NGO's to make suitable lands available for affordable housing projects

A4.2.3 Stimulate more affordable housing opportunities

- Review, adopt and adapt best practices on affordable housing

- Identify and support innovative projects and practices
- Promote mixed developments

A4.2.4 Provide access to affordable housing in all socio-economic strata

- Establish housing delivery 'price ranges' especially for low and middle income housing solutions, utilizing relevant variables including construction cost, development cost and return on investment
- Encourage and provide incentives for developers to deliver adequate and sufficient housing solutions within established 'price ranges'
- Afford financial and other support (example through the NHT) for the delivery of housing solutions targeted to socio-economic strata with unmet housing needs
- Standardize eligibility criteria for low-income earners
- Establish a guideline for qualification of applicant for mortgage based on 30 per cent of gross income
- Establish and monitor guidelines for developers

A4.2.5 Promote the rental market as a viable option

- Revise the Rent Restriction Act to make it more reflective of changes in the rental market
- Provide incentives to developers to engage in housing development for rental
- Provide incentives to encourage provision of rental units in sector specific locations
- Promote the "rent to buy" option

A4.2.6 Provide low-cost technical services to prospective homeowners

- Ensure infrastructure is in place to accommodate proposed developments
- Encourage the use of pre-approved plans for construction and future extension
- Educate the public to accept minimum standards
- Encourage communities to establish Management Associations in keeping with established criteria to oversee the development of physical infrastructure

A5 Housing Design

A5.1 Introduction

The design, and consequently the construction of a house or any structure, is an expensive undertaking. It is imperative that private or public sector stakeholders consider design, form and structural functionality that are in compliance with appropriate building standards which will allow for the sustainable use of the structure. Durability, sustainability, safety, cost and energy efficiency are key elements in the design process.

With the current demand for housing, further compounded by insufficient land for housing, housing design initiatives must seek innovative avenues to utilise space in an efficient manner to achieve its full capacity, satisfying the user but without burdening resources.

The provision of studio units was an essential step to home ownership in the 1970's and 1980's with the provision of the Sites and Services and Starter-Homes Initiatives (Appendix 10). The studio units offered expandable options to enable enlargements of the units to be undertaken by the beneficiaries at their own pace and financial capabilities.

A5.2 Policy Measures

Government recognises the direct linkage between housing design and affordability and will therefore:

A5.2.1 Promote sustainable alternative building material options

- Actively source innovative, eco-friendly (energy efficient), disaster resistant and more affordable building materials
- Conduct research to develop and promote the use of more affordable building materials and methods
- Identify and promote the advantages of using alternative materials that meet building code requirements
- Partner with academic institutions for research and development in building materials and new technologies
- Encourage private sector involvement in research and development
- Encourage insurance sector and lending institutions to insure and finance dwellings made of approved alternative materials

A5.2.2 Promote housing design for ‘special groups’

- Promote retrofitting of existing housing stock to make them suitable for persons with special needs
- Ensure that housing design standards incorporate the changing requirements of people with special needs

A5.2.3 Promote standard designs on serviced lots

- Ensure that the design on serviced lots meet approved minimum requirements

A5.2.4 Promote the importance of housing design in the housing delivery process

- Actively encourage wider acceptance of new residential designs, materials and building practices that enhance accessibility and address environmental concerns
- Promote eco-housing, low-energy consuming construction and water efficient services
- Enforce design standards to promote the conservation of energy and to safeguard the quality of external spaces
- Provide incentives for utilisation of environmentally friendly options

A5.2.5 Promote compliance with and enforcement of the Building Act, National Building Code and other supporting legislation and policies

- Strengthen procedures and institutional capacity for effective compliance and enforcement
- Require all new buildings to comply with the Building Act/National Building Code
- Encourage the retrofitting of existing buildings to meet the standards established by the Building Act/National Building Code

B. Public/Private Sector Partnerships

The following will be considered under this section: Construction Services Sector, Community Participation and Housing Programmes.

B1 Construction Services Sector

B1.1 Introduction

A vibrant construction industry is critically important to the growth of the Jamaican economy. Housing construction, in particular, creates investments and employment, leads to business expansion and drives the financial sector. When the housing industry grows, other related industries such as cement, steel and timber benefit. In 2015 the construction industry grew by 0.9 per cent relative to 2014 and contributed 7.2 per cent to GDP. Overall, the growth of the sector remained virtually unchanged over the prior three years, which stood at 7.1 per cent in 2012. Between 2009 and 2015 the contribution of the sector to GDP fell by 0.6 percentage points.

Housing construction in Jamaica is divided into two (2) distinct yet overlapping markets: the formal and the informal. In the formal sector, housing construction takes place in accordance with the relevant regulations and standards guiding development. In contrast, housing construction in the informal sector does not necessarily follow 'formal' legal processes oftentimes taking place outside some or all government regulations.

The Jamaican construction and installation sector has many linkages with other sectors in the domestic economy. Consequently, the low average growth in the macro-economy in recent years has been reflected in the performance of the sector, which has shown only marginal growth over the past decade and a half (PIOJ, 2009: 218). According to PIOJ (2015), the construction sector grew by 0.9 per cent relative to 2014 and contributed 7.2 per cent to GDP.

The development of a more viable construction sector will require capacity-building and training of human resources in modern techniques and tools. New information and communication technology, such as electronic networks that facilitate the availability and easy flow of information between all parties concerned with construction activities, would be an essential facilitator for a strong sector. This would have an impact on quality and efficient performance, as well as the fiscal capacity of the sector.

B1.2 Policy Measures

Realising the importance of the construction services sector and bearing in mind the fact that this sector is reflective of the strength of the economy, Government will:

B1.2.1 Promote the application of technological innovations in all aspects of the building industry

- Increase access to skills training facilities within existing tertiary institutions such as UTECH, HEART and other training centres so as to accelerate skills training and certification
- Expand the facilities within existing training institutions to improve the quality of skills training being offered
- Encourage technological innovation, training, certification and capacity building among construction workers to enhance their capability

B1.2.2 Promote low-energy construction techniques and materials

- Encourage the widespread introduction of low-energy materials and techniques into all segments of the construction industry
- Encourage the use of low energy, green technology in the building construction process
- Encourage environmentally sustainable adaptation strategies where applicable

B1.2.3 Encourage the mass production of affordable housing

- Increase the introduction of construction techniques to facilitate mass production

B1.2.4 Promote appropriate construction practices to help prevent adverse effects of potential hazardous events

- Ensure full compliance with all applicable laws, codes and regulations concerning construction activities, for example the Building Act/Building Code.
- Promote strict adherence to occupational health and safety standards on construction sites
- Improve technical skills in construction practices

B1.2.5 Expand the technical capacity of large and small building contractors

- Assess the capabilities of the current cadre of contractors with a view to improving their technical capacities
- Encourage training and certification opportunities through partnerships with educational and professional institutions

B1.2.6 Increase the supply of affordable housing solutions through improving the effectiveness of Housing Public Private Partnerships

- Encourage the utilization of suitable government-owned lands for Housing Public Private Partnerships
- Review and amend the Housing Public Private Partnership Policy as necessary to improve the effectiveness of the public private partnership process
- Improve and expand the government's involvement in partnerships with the private housing developers
- Provide and promote incentives, including tax exemptions in keeping with the Urban Renewal (Tax Relief) Act, to private developers who provide housing solutions within established affordable ranges

B2 Community Participation

B2.1 Introduction

According to the World Bank, participation is a process through which stakeholders influence and share control over development initiatives, decisions and resources that affect them. Participation implies involving individuals, families and communities in any part of the project development process. Community participation in housing indicates that communities and beneficiaries should be actively involved in intervention to promote development and reduce housing stress. The rationale for community participation, is not only for people to influence the activities affecting them in relation to housing, but also to participate as this will help the communities to build capacities and empower the communities through skills transfer.

The objectives of community participation as an active process are:

- Empowering individuals in the community
- Building beneficiaries' capacity
- Increasing project effectiveness
- Improving project efficiency and project sharing cost

In community participation, people are the central point of the development process. Their capacity and skills should be developed so that they can negotiate and source material for improving their lives (UNDP, 2000).

Community participation in housing development has a proven track record around the world, for example, in the United States of America, United Kingdom, Canada, Malaysia, Indonesia and Trinidad and Tobago. CBOs have

clearly demonstrated that at the community level, local needs are best understood if linkages are made with other local organisations and individuals.

CBOs and NGOs, if given the necessary resources, can provide creative and flexible solutions to develop and manage housing to the benefit of individuals and communities.

B2.2 Policy Measures

The magnitude of the housing problem calls for the involvement of Community Based Organisations (CBOs) and Non-Governmental Organisations (NGOs). These groups should have more access to resources, greater participation in decision-making and more responsibility in the design and implementation of policies, programmes and plans. In recognition of this, Government will:

B2.2.1 Empower CBOs and NGOs to become involved in the housing provision process

- Create and/or enhance linkages with key stakeholders to include CBOs and NGOs
- Build capacity of CBOs and NGOs to participate in decision-making processes
- Establish a National Registry of CBOs/NGOs involved in housing projects with the appropriate government agencies
- Facilitate access to housing finance sources

B2.2.2 Promote community housing associations

- Create housing associations
- Establish eligibility criteria for potential beneficiaries of the offerings of housing associations
- Strengthen the administrative capabilities of CBOs/NGOs to assist with the establishment of housing associations

B3 Housing Programmes

B3.1 Introduction

Successive governments over the years have provided a variety of shelter solutions through the Ministry with responsibility for housing and related agencies. Housing programmes usually have an associated subsidy element catering to those persons who would otherwise have incomes too low to pay for housing on their own.

B3.2 Policy Measures

Housing programmes are one of the mechanisms through which housing policy addresses a country's housing problem and it is through these programmes that the policy objectives and goals are achieved. Therefore Government will:

B3.2.1 Review and evaluate past housing programmes

- Identify best practices and determine which are implementable in the contemporary housing situation
- Examine housing standards as they relate to size and type of housing units and maintenance challenges
- Ensure completion of incomplete public housing projects where feasible

B3.2.2 Assess existing housing programmes

- Establish a framework for monitoring and evaluating the viability of existing housing projects
- Ensure alignment of housing programmes with national plans

B3.2.3 Design and implement programmes

- Incorporate lessons learnt in the designing of future programmes
- Incorporate projected needs in the design of programmes

C. Social Housing

The following will be considered under this section: Special Needs Housing, Indigent Housing and Emergency Housing.

C1 Special Needs Housing

C1.1 Introduction

The housing policy promotes an awareness of and makes provision for the special needs of the poor, women, children in difficult circumstances, the physically challenged, the elderly and displaced. These vulnerable groups often live in inadequate housing conditions and lack the resources and support to improve their living conditions and quality of life.

C1.2 Policy Measures

Many individuals have special needs that will affect their ability to procure suitable housing solutions. Therefore, Government will:

C1.2.1 Provide suitable housing solutions for persons with special needs

- Develop a 'needs based' criteria to determine families who require state support
- Encourage the allocation of a percentage of public housing solutions to meet the demand of individual with special needs
- Encourage the commitment of resources in both public and private sectors to assist with the improvement of existing housing facilities
- Provide incentives to developers to construct housing for persons with special needs
- Encourage the participation of special interest groups to assist with the housing delivery process
- Encourage preferential credit facilities for persons with special needs including tax incentives
- Encourage shared ownership of housing units
- Develop an information network that will connect special needs persons with available housing opportunities

C1.2.2 Facilitate the promotion of alternative financial arrangements

- Encourage more financial institutions to provide alternate financial arrangements for example reverse and inter-generational mortgages

C2 Indigent Housing

C2.1 Introduction

Indigent Housing is aimed at providing housing assistance for the country's poor including the homeless. The Ministry with responsibility for Local Government and the Board of Supervision has oversight for the provision of Indigent Housing and shelter/housing for the homeless. While the need for indigent housing is great, there is limited financial support to allow for the provision of adequate housing solutions to satisfy need. Government will:

C2.2 Policy Measures

C2.2.1 Increase housing opportunities for indigent households and the homeless

- Provide tax and other incentives (as per the country's fiscal capacity) to private developers and NGO's to construct housing solutions for the indigent
- Promote sheltered housing (assisted living) accommodation
- Facilitate the provision of homeless shelters in all parishes
- Facilitate the provision of transitional and permanent housing solutions to facilitate the reintegration of homeless persons into society
- Encourage the allocation of resources for the expansion of parish infirmaries and other housing facilities to better accommodate housing need

C3 Emergency Housing

C3.1 Introduction

Housing plays a crucial role in providing a place of safety for individuals and families. The impact of disasters on communities has highlighted the need for coordinated emergency housing programmes at the national level. The displacement of people from their place of abode results mainly from disaster-related events, for example, natural disasters like hurricanes and storms as well as fires, landslips and flooding (Maps 10A and 10B). These displaced persons will have to seek housing assistance outside their immediate environment in places considered to be safe. Events, such as Hurricanes Gilbert and Ivan in 1988 and 2004, respectively, led the Office of Disaster Preparedness and Emergency Management (ODPEM) to expedite action in order to relieve the plight of persons in emergency situations with exceptional housing needs. Accommodation often ranges from emergency shelter to temporary and permanent housing. Notwithstanding the role of the ODPEM, the Minister of Housing is empowered by the Housing Act to take urgent action to attend to the housing needs of persons who have been negatively affected by disasters or those who reside in vulnerable locations.

C3.2 Policy Measures

Emergency housing is intended to provide accommodation for persons who have no other immediate housing options available; solutions can be for the short or long term. The government will:

C3.2.1 Develop a national emergency housing programme

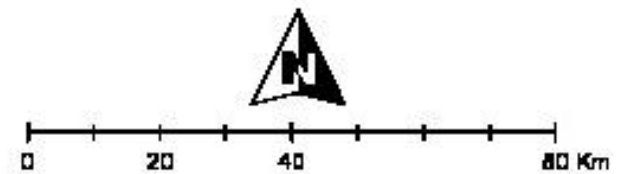
- Establish a mechanism for assisting particularly vulnerable households to undertake precautionary and mitigation measures
- Ensure the provision of adequate, temporary shelters for persons rendered homeless
- Enable Municipal Corporations to respond rapidly to emergency housing needs
- Maintain a stock pile of prefabricated housing components for use as required in the event of emergencies
- Provide for rental housing in emergencies
- Develop a framework for government and non-government intervention in emergencies
- Partner with relevant entities to rehabilitate affected housing stock and/or relocate affected persons
- Develop long term plans to facilitate the transition from temporary to permanent solutions

MAP 10A: HAZARD PRONE AREAS IN JAMAICA



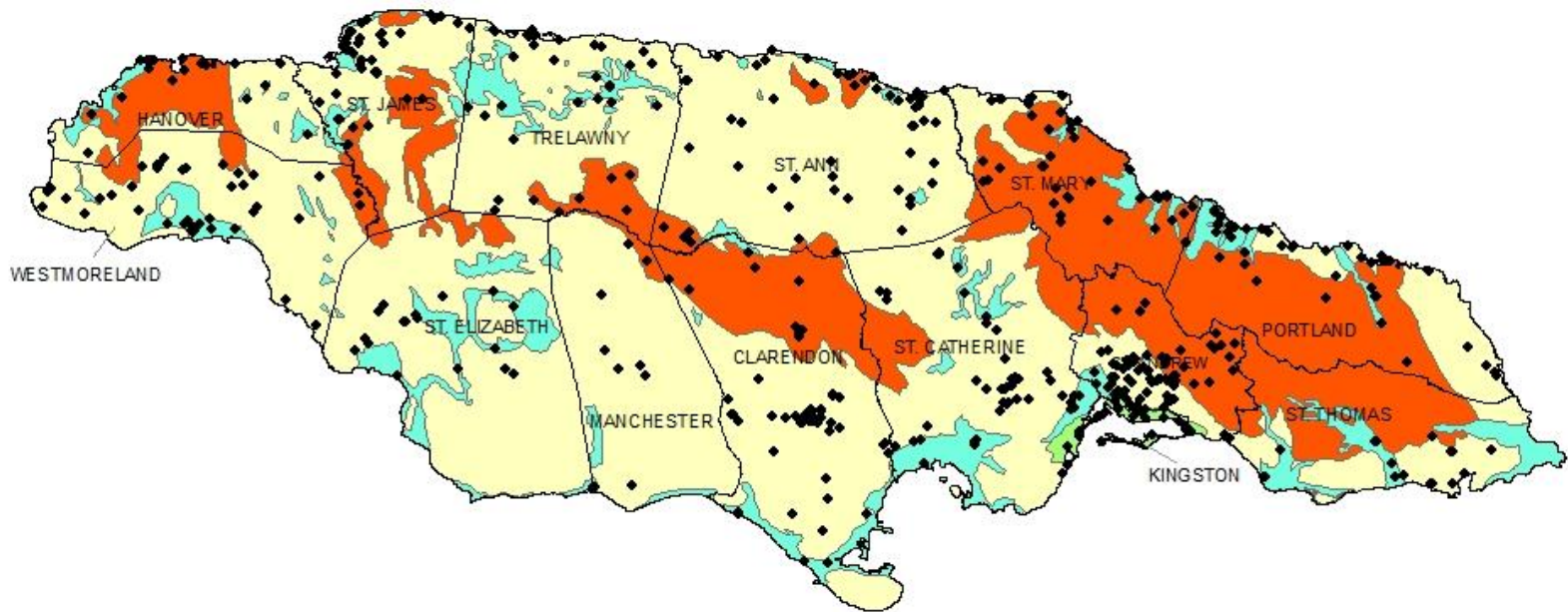
Legend

- High Flood Potential
- High Landslip Potential
- Multiple Hazards
- Parish Boundary








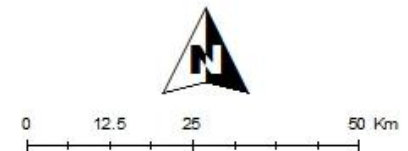
MAP 10A: HAZARD PRONE AREAS IN JAMAICA
SOURCE: UTECH GIS DATABASE

MAP 10B: SQUATTER SETTLEMENTS LOCATED IN HAZARD PRONE AREAS: JAMAICA



LEGEND

-  HIGH FLOOD POTENTIAL
-  HIGH LANDSLIDE POTENTIAL
-  MULTIPLE HAZARDS
-  SQUATTER SETTLEMENTS
-  PARISH BOUNDARY



SOURCE: RAPID ASSESSMENT OF SQUATTING IN JAMAICA, MINISTRY OF WATER AND HOUSING, SQUATTER MANAGEMENT UNIT, DECEMBER 2008, UTECH GIS DATABASE 2009

D. Planning, Management and Governance

The following will be considered under this section: the Ministry and its Agencies, Infrastructure, Housing Rehabilitation and Maintenance, Institutional Arrangements, Research and Development, Land Supply, Housing Tenure and Rural Housing.

D1 Ministry and Housing Agencies

D1.1 Introduction

The role of providing access to housing solutions is being performed primarily by the Ministry with responsibility for Housing and a number of agencies, namely:

- National Housing Trust
- Housing Agency of Jamaica
- Jamaica Mortgage Bank
- Urban Development Corporation

These agencies are charged with the responsibility of increasing the supply and improving the quality of the nation's housing stock. Despite their efforts to increase the supply of housing to meet the growing demand through a range of programmes, for example, innovative mortgage programmes, access to low cost funds, low-income inner city housing projects, housing subsidies and sites-and-services programmes, the housing shortage experience has not been contained. The Government will:

D1.2 Policy Measures

D1.2.1 Increase the efficiency and effectiveness of the Ministry and housing agencies to respond to housing need and demand.

- Encourage greater collaboration and sharing of technical skills among housing agencies
- Consolidate public housing entities with mandates that are substantially similar
- Privatize government housing agencies where the services being provided is more suited to be delivered by a private entity and will also provide better economic benefit
- Encourage more partnerships between housing agencies, to include housing financing and construction

- Encourage collaboration between public agencies and consolidate efforts to address squatting
- Provide more financial support for housing development
- Encourage and support private and public sector partnership in financing, construction and maintenance of houses

D2 Infrastructure

D2.1 Introduction

Access to good quality infrastructure is vital if communities are to be truly sustainable and inclusive. Housing development does not just involve the construction of houses, but also requires the timely completion of matching infrastructure such as schools, health facilities, energy and water supply, road network, sewage systems, storm water drainage systems, transportation and green spaces. These are essential prerequisites for the creation and maintenance of a safe, efficient and developed environment, suitable for sustaining community life. Without such facilities, people experience substandard living conditions, resulting in great economic and social costs. In order to ensure the creation of a healthy and liveable environment, it is absolutely necessary that infrastructure within the areas planned for housing is available in a timely manner and that its quality is adequate.

In the past, the disparity in timing of the availability of housing sites and required facilities has often led to delays in housing development. Monitoring and co-ordination of the planning and implementation of housing related infrastructure have not always been adequate. Disjointed management procedures have taken place sequentially, rather than in a concerted manner, and too little use has been made of private sector expertise and resources. In an effort to expand and improve infrastructural facilities and services the Government will:

D2.2 Policy Measures

D2.2.1 Expand and improve infrastructure and services

- Improve the financial capacity of local authorities and statutory agencies responsible for the provision of infrastructure and services
- Review and enforce infrastructure maintenance guidelines
- Ensure that infrastructure projects meet technical, environmental and public safety standards

- Encourage the use of cost-effective, incrementally upgradeable and environmentally sound technology for infrastructure provision

D2.2.2 Promote simultaneous development of infrastructure (physical and social) in housing projects

- Promote and encourage integrated land development
- Accelerate the preparation of parish development plans/orders
- Support the enforcement of planning guidelines and legislation

D2.2.3 Integrate housing infrastructure requirements with the broader national, regional and local development plans

- Prepare five-year rolling master plans to guide the development of housing within the framework of the National Settlement Strategy and Spatial Plan
- Promote housing developments that provide for all the requisite physical infrastructure and social amenities, to include transportation and security services

D2.2.4 Work in concert with the local planning authorities (Municipal Corporations and NEPA) to ensure that housing developments are supported by adequate infrastructure, which are developed in accordance with applicable standards

- Promote adherence to development planning regulations and standards
- Improve collaboration between the Ministry with responsibility for housing (and its agencies) and the local planning authorities, to ensure that developments are undertaken in accordance with applicable standards and in a manner that is technically and environmentally sound, while maintaining public safety standards

D3 Housing Rehabilitation and Maintenance

D3.1 Introduction

Preserving and improving the country's housing stock is more important now than ever. Attempts to address the shortcomings of the housing sector cannot be achieved merely through the construction of new solutions. Ways must therefore be found to halt and reverse the decay that has led to many blighted neighbourhoods.

It is generally accepted that the participation of residents is essential in programmes and projects aimed at improving the urban habitat. This holds true not only for squatter settlements upgrading and sites-and-services projects but also for rehabilitation and repair programmes (UNCHS, 1982).

D3.2 Policy Measures

Government has realised the importance of rehabilitation and maintenance of the existing housing stock, in particular the inner city areas, where such housing stock are in a state of serious decay. Since on-going rehabilitation and maintenance are critical to the preservation of the diverse housing stock, the government will adopt the following policies:

D3.2.1 Rehabilitate and maintain existing housing stock

- Expand tax relief for rehabilitation in targeted urban neighbourhoods in keeping with relevant legislation
- Promote partnerships between public agencies and community organisations to achieve rehabilitation objectives
- Actively encourage renovation and preservation of the housing stock at a national level
- Promote the rehabilitation and maintenance of older government built housing schemes, to make them more resilient to intensified levels of natural disasters
- Upgrade the physical infrastructure of tenements owned by the Government and divest the housing solutions to the occupants (as practicable) through individual and communal ownership arrangements
- Promote special programmes for repairs and renewal of residences
- Enforce existing provisions regarding the maintenance of properties
- Enforce legislation that requires property owners to keep buildings in good repair

D3.2.2 Embark on a comprehensive programme of urban renewal (Map 11)

- Ensure that parish development plans/orders identify areas for urban renewal
- Facilitate redevelopment of housing stock within areas targeted for urban renewal
- Facilitate collaboration between housing agencies and private developers to undertake a programme of renewal across major urban centres

D4 Institutional Arrangements

D4.1 Introduction

There have been many criticisms throughout the years about the time it takes to get the necessary statutory approvals to implement housing projects in Jamaica. This has resulted in numerous constraints and increasing costs to housing delivery.

Housing provision requires strong and cost-effective institutions, acting as facilitators, capable of using modern technology efficiently and effectively. Accordingly, emphasis should be placed on strengthening the housing sector institutions and related research organizations, to establish replicable and sustainable models for affordable housing. The present institutional arrangement dealing with housing is fragmented, overlapping and lacking clearly defined roles. The streamlining and rationalizing of the current institutional arrangements into a coherent long term strategic policy framework will significantly contribute towards improved housing delivery and affordability.

In order to implement the housing policy in an effective and efficient manner, it is crucial that the roles of central and local governments, housing agencies and private sector organisation be well defined within an institutional framework. Based on the current arrangements, both central and local governments have authority to monitor housing development and planning approvals. Additionally, the proposed devolution of power under local government reform establishes the need for appropriate responsibilities to be given to the local authorities and communities.

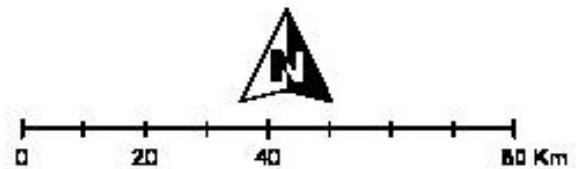
MAP 11: PROPOSED AREAS FOR MAJOR URBAN RENEWAL: JAMAICA



Legend

RENEWAL

- ★ Area for Urban Renewal
- ▲ Urban Area
- Parish Boundary



MAP 11: PROPOSED AREAS FOR MAJOR URBAN RENEWAL: JAMAICA

SOURCE: STATISTICAL INSTITUTE OF JAMAICA & MINISTRY OF LOCAL GOVERNMENT 2010

The UTECH/SALISES Survey (2009) revealed the following, as per Table 3.2:

Table 3.2: Rating of services being provided by the Ministry and Government Agencies

AGENCY	RATING				
	Excellent	Good	Satisfactory	Unsatisfactory	Poor
JNBS	09% (n=893)	45%	39%	04%	03%
JMB	07% (n=670)	41%	45%	04%	03%
MWH	06% (n=876)	37%	44%	09%	04%
HAJL	11% (n=793)	37%	42%	07%	03%
NHT	24% (n=1609)	43%	27%	04%	02%

When the percentage scores for the two top categories “excellent” and “good” were added together, respondents’ ratings in the descending order of importance, were as follows: NHT (67 per cent), JNBS (54 per cent), JMB and HAJL (48 per cent each) and MWH (43 per cent).

Some government agencies provide strong, but not exceptional service to housing clients. The complaints were varied and point to several ways in which a national policy should seek to strongly reform the administrative arrangements intended to provide excellent housing for the population in need.

D4.2 Policy Measures

D4.2.1 Streamline and rationalise the existing public and private sector institutional arrangements for the provision of housing

- Reform of Government Agencies involved in housing production and financing
- Coordinate development control regulations
- Harmonise the development approval process
- Improve the technical and management capabilities of the local authorities
- Increase coordination and collaboration among public sector agencies involved in housing

D5 Research and Development

D5.1 Introduction

The use of appropriate technology and utilisation of affordable materials will be crucial to the housing supply process. Experience has shown that appropriate technologies and design standards can greatly reduce costs and promote greater access to infrastructure and services.

D5.2 Policy Measures

Recognising the importance of building materials, construction technology and appropriate research to reduce the cost of housing, government will:

D5.2.1 Promote Research and Development (R&D) to support the housing supply process

- Promote Research and Development (R&D) in alternative building materials and technologies
- Support conservation practices
- Promote the use of indigenous materials
- Increase collaboration among research units in the public and private sectors and educational institutions

D6 Land Supply

D6.1 Introduction

Land is one of the principal inputs for housing. Its identification, allocation and servicing are the three critical components of the housing supply process (Map 12). A well-functioning housing system requires access to sufficient and suitable land at a reasonable price.

Land values, lack of available land, land transfer cost, land regulations, land distribution, illegal land occupation and encroachment of commercial development into neighbourhoods previously dominated by residential uses, have all combined to reduce the supply of available housing. These challenges have made affordable housing increasingly difficult to provide, particularly in the urban centres.

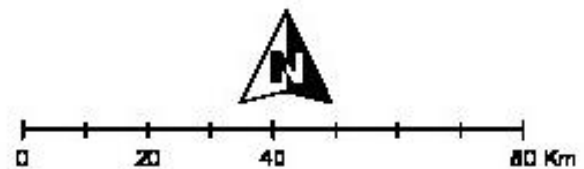
Land supply and its availability are among the main sources for solving the country's housing problem, as a steady supply of land is necessary for meeting housing demand and minimising instability in the housing market.

MAP 12: PRIORITY AREAS FOR FUTURE HOUSING BY PARISH



Legend

- ★ High Priority
- Low Priority
- Parish Boundary



MAP 12: PRIORITY AREAS FOR FUTURE HOUSING BY PARISH
SOURCE: UTECH SALISES STUDY 2008

Calculations undertaken by UTech/SALISES in 2009 to inform this policy document estimated that an average of 1,372 acres (555.23 hectares) of land is required annually to facilitate the construction of solutions to address the annual housing need (see Appendix 11: Schedule IV). This signals the urgent need for a land identification and/or acquisition and development strategy.

There are three main sources of vacant land for new housing development in and around urban areas: infill plots, incomplete peripheral subdivisions and agricultural land at the urban periphery. A high development priority should be accorded to available infill plots. These lands have easier access to existing infrastructure and as such, housing investment in infill plots are more economically efficient on one hand. On the other hand however, the quantity of land in infill plots in the consolidated built-up areas of the city is not large.

The provision of land for housing in Jamaica consistently poses the problem of inaccessibility engendered by such variables as population growth, affordability, historical ownership pattern and the constraints of upland areas. These factors are both causes and defects of our historical and current land tenure patterns and have determined how land has been allocated in the post-emancipation period.

According to the UTech/SALISES Survey, persons who did not own the property on which they were living indicated interest in purchasing the property if given the opportunity; 53 per cent said they would do so either alone (41 per cent) or with a mate (38 per cent), mostly through mortgage payment (89 per cent). The proportion of households who would purchase the property tended to decrease slightly the higher the quintile, with 52 per cent of the wealthiest, compared with 63 per cent of the poorest households. In terms of geography, 61 per cent of households both from rural areas and those from other towns, would purchase the property given the opportunity; only 42 per cent of households from KMA would do so.

D6.2 Policy Measures

The availability of land is a key factor in determining the rate of progress and responsiveness of the housing sector and therefore the Government will:

D6.2.1 Improve land availability and accessibility

- Increase land supply, consistent with the National Settlement Strategy and Spatial Plan
- Eliminate transfer tax from lands provided as gift by government agencies with their own statute and legal personality and private owners to the Minister of Housing for low income housing development
- Accelerate the land titling and registration process

- Encourage timely transfer of lands for housing development
- Establish a comprehensive land divestment policy
- Facilitate access to affordable and suitable land
- Promote the use of infill plots

D6.2.2 Adopt innovative arrangements regarding security of land tenure

- Make the necessary provisions for legitimate land owners to be issued a 'certificate of possession' in the interim of obtaining a formal land title

D6.2.3 Ensure that lands earmarked for development are serviced with the requisite infrastructure in a timely manner

- Promote the use of 'certificate of possession' as a means of permit to effect infrastructural works

D7 Housing Tenure

D7.1 Introduction

Housing tenure describes the legal status under which people have the right to occupy accommodations. The most common forms of tenure are home-ownership (houses owned outright or mortgaged) and renting. Renting may comprise social rented housing and private rented housing. In many countries house ownership is an important indicator of social well-being. The ownership of a house represents, for most people, the investment of a lifetime. Alternative tenure arrangements are less widely used, but nonetheless have the potential to increase the range of affordable housing options to meet changing consumer preferences and needs.

According to the Jamaica Survey of Living Condition (JSLC) 2012, 60.2 per cent of households were housed in owner-occupied units and 21.4 per cent in non-owner occupied units but rent-free accommodation. Just over 17 per cent of households lived in rented accommodation. The remaining 1.0 per cent of households was squatting. Ownership generally accords the highest degree of security of tenure.

Many Jamaicans do not have adequate tenure security over their houses. This pattern of insecure tenure is undoubtedly one of the salient features and causes of the housing crisis in the country. Secure tenure allows persons, whether in the formal or informal sector, to access credit to purchase, build or improve their housing.

The UTech/SALISES Survey revealed the following:

- Forty-three (43) per cent of heads of households had immediate housing needs. The type of dwelling most wanted for immediate housing needs was a detached house (74 per cent), followed by improvement on house (14 per cent), part of a house (6 per cent), town house and apartment (2 per cent each), semi-detached (1 per cent) and others (1 per cent).
- Sixty-four (64) per cent of the households surveyed owned the dwelling in which they were living. The Survey also indicated that 73 per cent expressed a desire to own a house in the future.

D7.2 Policy Measures

In ensuring access to legal housing solutions for all, Government will:

D7.2.1 Support formal tenure arrangements for ownership and rental

- Facilitate a wide range of options for those wishing to rent or to own
- Improve the quality and increase the quantity of rental units
- Encourage the development and maintenance of rental properties
- Implement a social rented housing programme
- Encourage the implementation and promote awareness of the provisions of the amended Registration (Strata Titles) Act

D7.2.2 Explore, identify and adopt new and innovative housing tenure arrangements

- Undertake research to identify innovative tenure arrangements including those with lease arrangements
- Adopt and implement best practices befitting local situation

D8 Rural Housing

D8.1 Introduction

While it is recognised that Jamaica is becoming increasingly urbanised, a significant portion (approximately 48 per cent) of the population resides in the rural areas. However, this proportion has been declining, particularly where agriculturally-based employment is contracting and where critical mass is not strong enough to attract or support alternative sources of employment.

Rural communities face a unique combination of housing problems. Abandonment and rural to urban drift, have led to the underdevelopment of many rural areas, brain drain and unattractiveness of rural areas. Poverty remains a significant problem in rural areas. According to the Jamaica Survey of Living Conditions (2014), rural areas recorded the highest proportion of household poverty.

Historically, rural housing has received inadequate attention, partly due to the lack of an adequate institutional arrangement for dealing with rural housing problems, and partly because of the diversity of land tenure arrangements and the non-saleable nature of the land on which houses are built. A great deal of attention should therefore be directed at addressing rural housing issues.

New houses in rural areas should be located and designed to integrate well with their physical surroundings and be generally compatible with the conservation of sensitive areas such as natural habitats, the environs of protected structures and other aspects of heritage.

D8.2 Policy Measures

Tackling the housing shortage and fulfilling the housing needs of rural Jamaica is an important task to be undertaken. Government will therefore:

D8.2.1 Facilitate the development, improvement and maintenance of the rural housing stock

- Encourage Housing Financial Institutions to provide financial support for rural housing
- Promote a sustainable process of shelter improvement and maintenance in rural areas
- Promote aided self-help housing
- Expand the land titling programme to address tenure issues, e.g. through programmes similar to LAMP, NLA's Government Land Settlement Programme and the Ministry's Land Titling Programme

D8.2.2 Promote and encourage the development of rural areas

- Provision of the requisite physical infrastructure, social amenities and employment opportunities in rural areas
- Encourage the decentralization of critical services
- Encourage housing developments in locations easily accessible to supporting infrastructure

E. Legal Framework

E1. Legislation

E1.1 Introduction

Legislation and regulations pertinent to spatial development and settlement planning, under which the housing sector falls, have developed in a piecemeal manner. This has been somewhat reactive rather than proactive and has failed to either anticipate or direct development actions sufficiently. The consequence of this on the sector is the acute shortage of affordable and safe housing especially for those directly affected by the various housing legislation.

One of the principal pieces of legislation identified as having mixed consequences on the housing sector is the Rent Restriction Act of (1983). The Act was passed to afford tenants some protection from arbitrary restriction by giving them security of tenure while at the same time enabling landlords to recover premises from delinquent tenants who fail to pay the agreed rent or breach other terms of their tenancy.

The 1983 amendment to the Act introduced a system of controlled rents under which landlords were required to register their properties and a base date and procedure were put in place for assessment of the permitted rent. Despite this, a large proportion of rental properties remain unregistered. However, in the majority of cases where the landlord applied for registration and assessment of the permitted rent, this was not assessed and the process remained incomplete. This has led to a great deal of dissatisfaction on the part of landlords, who have been unable to legally increase the rental of their premises to achieve a reasonable rate of return, resulting in property owners either refusing to rent their premises or increasing the rent unlawfully. This has contributed significantly to the decline in the rental sector.

Another feature of the Act that has proved to be unworkable is the prohibition on the collection of a security deposit by the landlord. In practice landlords collect this deposit to give themselves some protection in the event that the tenant vacates the premises with rent outstanding, utility bills unpaid or damage to the premises. Due to the acute shortage of rental accommodation, tenants willingly pay this deposit. Realistically landlords should be allowed to collect such a deposit as long as clear guidelines are put in place to regulate it.

E1.2 Policy Measures

A process of legislative rationalisation pertinent to the housing sector must begin to accept in substantive manner, local and historical spatial settlement patterns of development. These patterns must be used to inform and guide the legislative reform process. Government will therefore:

E1.2.1 Update and rationalise all legislation pertaining to housing provision

- Undertake changes in the Rent Restriction Act to allow for mutual protection of landlord and tenant
- Revise the Rent Restriction Act to allow the Rent Board to determine appropriate security deposit for rental units
- Review the Local Improvements Act and the Town and Country Planning Act to bring the subdivision of lands under a single Act
- Review the NRCA Act to better facilitate the provision of housing including an increase in housing density
- Ensure NHT funds can only be used according to the provisions of its Act
- Review and amend the Housing Act to ensure rationalization with proper settlement planning
- Review the HPPP Policy to ensure its effectiveness in providing affordable housing solutions

E1.2.2 Review and rationalise policies that impact the provision of housing

- Promote policies and programmes that provide appropriate and workable responses for adequate and affordable housing solutions
- Define the roles and responsibilities of partners in the execution of selected housing solution approaches

E1.2.3 Encourage proper enforcement of existing legislations

- Utilization of existing legislative provisions to ensure that housing developments conforms to development standards and conditions of approval

F. Squatting

F1 Squatter Settlements

F1.1 Introduction

Defined as the illegal occupation of land and/or buildings (Anthony, 1979:3), squatting has remained a serious issue in Jamaica despite the efforts by Government to arrest the problem through regularisation of long-standing squatter communities. According to recent estimates, 20 per cent of Jamaica's population resides in squatter settlements (MWH, 2008: 3). Sixty six per cent of squatter settlements have been in existence for twenty years or more, while 18% have been around for between 11-19 years. Cumulatively, this means that 84% of squatter settlements have been in existence for more than 10 years (MWH, 2008:10). Kingston and St. Andrew accounted for the largest (17%) of the map squatter settlements; followed by St. Catherine (11%), then Hanover and Clarendon (10% each).

The proliferation of squatter settlements is due in large measure to the accelerated urbanisation which has taken place within the last four decades. In 1960, the percentage of the Jamaican population living in urban areas was 32 per cent or 515,136 persons. By 2001, 41 years later, it had jumped to 52.1 per cent or 1.354 million people. The urban population is expected to rise to just over 1.8 million by the year 2030 (United Nations, 2008).

Aside from the increase in squatting as a result of rapid urbanization without the requisite infrastructure, services and housing opportunities, there are a myriad of issues that contribute to squatting. These include the: lack of enforcement which results in developments without approvals and permits; lack of forward planning and; growth of the tourism and other industries without adequate housing provisions for the workers of these industries. Other contributory factors are urban blight, the lack of sufficient affordable housing solutions and the abandonment of former slum clearance programmes.

According to Tindigarukayo (2005:10-12), within the last four decades or so, the incidence of squatting has increased in Jamaica mainly due to the following factors:

- (i) **Substantial rural-urban migration:** Rapid urbanisation in Jamaica, as indicated above, may be explained by three inter-related processes: gross inequalities in land distribution, favouring big farmers at the expense of peasants who are left with marginal arable land for cultivation; unusually high levels of food importation in Jamaica, thus making small-scale farming in the countryside a very unprofitable venture; and prevalence of poverty in rural Jamaica, partly because of the two preceding factors, forcing the youth to migrate to urban centres in search of employment.

(ii) Acute housing shortage: Rapid urbanisation, unaccompanied by an equal growth in the provision of affordable housing, has aggravated the problem of squatting in Jamaica. In the absence of affordable accommodation, new arrivals in urban centres have no choice but to squat.

(iii) Economic hardships: New arrivals from rural to urban centres are mostly either unemployed or under-employed. Some of these new arrivals, therefore, capture land not only for residential purposes, but also for commercial and agricultural purposes.

(iv) Political patronage: As a survival strategy, individual squatter settlements in Jamaica have had to declare their political allegiances to either of the two major political parties (PNP and JLP). To ensure continued loyalties, political leaders of these two parties have often supported and enhanced the activities of their respective squatter clientele.

(v) Availability of idle land: The prevalence of idle land, owned by either the crown or absent landlords, has enticed the needy, the landless and the homeless to squat.

(vi) A collapsing plantation, agriculture: Globalization has reduced sources of revenue which were previously available to the poor. A case in point is the erosion, through WTO measures, of trade preferences on agricultural products from Jamaica, including sugar and bananas. In addition, other local areas of production in Jamaica, including beef, dairy, and poultry have been adversely affected by the unrestricted dumping of cheaper goods from the richer neighbours to the north, whose highly industrialized levels of production and economies of scale have worked to their advantage. As a result of the above two measures, the displaced growers and farmers have joined the ranks of the new poor, who migrate to urban centre looking for a living and end up squatting.

Squatting is also a consequence of natural and man-made disaster such as hurricanes, flooding and fire that have rendered people homeless. In such situations, the inability of the government to provide housing solutions in a timely manner results in persons resorting to squatting.

Most squatters live in poor environmental, unsanitary and unsafe conditions. Despite the relatively mountainous nature of the country, 55% of squatter settlements are located on lands which are relatively flat. These lands are mostly within flood plains and along coastal areas. Seventeen per cent of the settlements are located on moderate slopes, while 6% are on lands described as very steep. Locally squatter settlements comprise a lack of/poor physical infrastructure and social amenities (MWH, 2008:11).

People tend to squat mainly on state land because of its accessibility, delay in the processing of leases, lack of enforcement and supervision by the relevant authority and excessive fragmentation of existing squatter

settlements by extended family and friends of sitting squatters, all in the hope that they will be issued with a lease or sale by the State at a later date.

Most peripheral urban squatter settlements have the potential to play a positive and productive role in cities. Factors such as the age of a settlement and its location should be evaluated carefully before governments decide to evict or relocate squatter populations.

F1.2 Policy Measures

The government recognises the social, economic and environmental challenges associated with squatter settlements and will adopt policies to:

F1.2.1 Institute measures to eliminate squatting (see Appendix 12)

- Contain the expansion of existing squatter settlements and prevent the development of new settlements
- Accelerate the squatter regularisation programme
- Relocate informal settlers as necessary, particularly those residing in vulnerable areas
- Establish, review, amend and enforce legislation to address squatting
- Enforce the relevant provisions of the Building Act/Building Code to mitigate illegal construction activities
- Develop a squatter management policy to guide intervention
- Restructure and strengthen the capacity of public agencies to effectively monitor and manage squatting
- Accelerate the provision of low cost housing solutions
- Provide incentives to developers who offer low cost housing solutions
- Empower private landowners in land management security processes
- Revisit best practices of previous slum upgrading and clearance programmes
- Incorporate self-help housing and community development best practices in regularization and relocation initiatives
- Encourage the provision of suitable and affordable housing solutions in special zones, example along tourist belts
- Develop procedural guidelines to address squatting on state and private lands

F1.2.2 Ensure that the necessary resources are available to mitigate and address squatting

- Identify sources of funding to mitigate and manage squatting

- Establish a funding mechanism to support interventions to address squatting through an annual allocation of financial resources, including the NHT as a source
- Implement an effective management system to ensure proper utilization of resources committed to addressing squatting

G. The Natural Environment

G1 Housing and the Environment

G1.1 Introduction

The natural environment encompasses all living and non-living things occurring naturally on earth or some region thereof. The biophysical environment is the biotic and abiotic surrounding of an organism or population, and includes the factors that have an influence on their survival, development and evolution. Environmental quality is inextricably linked to economic and social well-being, as a healthy environment with the ability to carry out its functions is vital to the provision of clean water and air, food, disaster risk reduction services, recreational services and the provision of all natural resources needed for economic development in key sectors, including housing.

A healthy natural environment therefore, is critical to national prosperity. Human activities have varying impact on the natural environment. For example the processes of urbanization and industrialization have caused changes to the natural environment, through the construction of cities and the development of industries that contribute significantly to pollution of the natural environment. Housing and infrastructural development among many other activities have resulted in negative impacts to ecosystems, including deforestation, biodiversity loss and disruption of natural water sources which has compromised the ability of the natural environment to carry out its functions, and may also impact climatic variability and change. Sustainable housing and infrastructure solutions therefore, are an important part of the national response to the housing/environment interface, in keeping with the goals and planned outcomes of Vision 2030 Jamaica-National Development Plan.

As it relates to housing, environmental concerns are focused on the provision of a healthy, safe, supportive living space that is sustainable within the natural environment. It is important to consider the concept of sustainability when the relationship between housing and the environment is being examined, as the main task is balancing how one impacts the other. On one hand the concern is regarding what is used, taken away, or altered. On the other hand it relates to what is replaced, preserved, or enhanced. Sustainable housing strikes a balance between both; in other words sustainability in housing refers to the provision of shelter in harmony with the environment.

According to Barnett and Browning (1995) cited in Parrott (1997), sustainable building should: make appropriate use of land; use water, energy, lumber, and other resources efficiently; enhance human health; strengthen local economies and communities; conserve plants, animals, endangered species, natural habitats; and protect agricultural, cultural, and archaeological resources. According to the then Ministry of Water, Land, Environment and Climate Change (2013), Jamaica's susceptibility to natural disasters has proven to be a major threat to the stability of human settlements and infrastructure. Between 2001 and 2012 Jamaica experienced 11 storm events (including five major hurricanes) and several flood events. These events combined resulted in loss and damage amounting to approximately \$128.54 million; in one case (Hurricane Ivan, 2004), this amounted to 8.0 per cent of GDP (MWLECC, 2013).

Jamaica is a Small Island Developing State with eighty-two per cent (82%) of its population living along the coastline, or within 5km of the coast. With increased development activities taking place within the coastal zone, an increased proportion of the population is vulnerable to disasters. The most threatened settlements are those that have been created outside the formal physical planning system, and do not meet the required planning and building standards. Based on current trends, it is likely that climate change impacts will increase the vulnerability of human settlements to floods, storm surges, sea level rise and hurricanes (MWLECC, 2013).

Improper disposal of sewage also results in significant negative impact on the environment. Only 22 per cent of the population of Jamaica is connected to a sewerage network. Effluent from sewage treatment plants, other types of sanitation facilities, and industrial discharge, pollute the environment and endanger people's health. For example, 75 percent of sewage waste disposal systems are soak away systems which have a potential to contaminate groundwater sources especially in densely populated areas. The lack of wastewater treatment capacity creates a potential for faecal matter to enter the environment and contaminate both coastal waters and freshwater sources. Thirty-six percent of freshwater sources show increased levels of faecal matter or faecal bacteria (Draft Amended Water Sector Policy, 2015- MWLECC).

Poor solid waste disposal practices also impacts the environment negatively. With the limited resources of the National Solid Waste Management Agency (NSWMA), several rural and informal communities are not on the service grid and these residents resort to improper practices including burning, throwing refuse into sink holes and in gullies or drain channels. The alternative methods practiced by these residents often result in flooding, contamination of surface and underground water sources, soil and air pollution.

G.1.2 Policy Measures

The government recognizes the symbiotic relationship between housing and the environment, and specifically the impact that housing developments can have on the environment and will therefore adopt policies to:

G.1.2.1 Ensure that housing developments are in harmony with the natural environment

- Rationalization of the land use planning and development processes
- Amend the necessary legislation to allow for “area specific” development standards and requirements
- Development of policies and enforcement of legislation to guide settlement and infrastructural planning and development
- Strengthening collaboration among entities involved in the development process
- Strengthening of institutional capacity to enforce development standards

G.1.2.2 Support and promote sustainable and climate resilient housing developments within the national climate change framework

- Encourage and support the development of housing solutions and supporting infrastructure that are climate resilient
- Encourage the retrofitting of housing solutions to bolster resilience to the effects of climate change
- Promote practices within the housing sector that mitigate the anthropogenic sources of climate change and climate variability

G.1.2.3 Mitigate the development of settlements in areas prone to natural hazards

- Promote and encourage the use of Geographic Information Systems (GIS) and other science-based decision making tools to inform the development planning process
- Utilize available resources, including universities, to continuously identify, map and assess areas that are prone to natural disasters such as flooding, landslides and earthquakes
- Work in concert with local planning authorities to prevent development in areas delineated as unsafe or ‘no build’ zones
- Embark on public education programmes regarding the negative impacts of inhabiting hazard prone areas

G.1.2.4 Support and promote initiatives that incorporate green building

- Undertake further research on green building technologies and identify best practices
- Adopt best practices that fits local conditions
- Work in concert with development approval agencies to encourage developers to incorporate green building technologies into housing developments. For example energy

and water efficient systems; developments that support native landscape and utilize indigenous materials

G.1.2.5 Establish systems to allow for proper solid waste and sewage disposal

- Modernize and improve the efficiency of residential, electronic and other forms of waste collection and disposal systems and mechanisms including systems that allow for the separation and containerization of waste at source for recycling and composting
- Encourage the improvement of existing sewage treatment facilities and promote the development of facilities for new developments
- Integrate sustainable waste disposal techniques into new and existing developments e.g. recycling and waste to energy components

CHAPTER 4: KEY STAKEHOLDERS AND THEIR ROLES

Introduction

Successful implementation of the plan needs the participation of all stakeholders because their activities and inputs are crucial in the achievement of policy goals. The key stakeholders include:

Government Ministries and Agencies

The government ministries and departments complement and support the Ministry with responsibility for Housing in the execution of its goal. Their roles and responsibilities are summarised in Table 4.1.

Private Sector Organisations and Professional Bodies

These organisations are endowed with both human and financial resources that could be deployed to the housing sector to complement government programmes, projects and resources. Such organisations include Professional Bodies, Financial Institutions and Housing Development Agencies. Thus the MEGJC is collaborating with the private sector in identifying needs and meeting the housing demand as well as providing suggestions on the policy direction that will enhance private-public partnership.

Regional and International Organisations

The MEGJC collaborates with regional and international organisations including UN-HABITAT, the Caribbean Development Bank (CDB), the Canadian International Development Agency (CIDA), The World Bank, the Intern American Development Bank and various Foundations in technical cooperation and other spheres of development. These partners also provide expertise and new ideas that guide the Ministry's operations.

NGOs, CBOs and Other Special Interests Groups

Non-Governmental Organisations, Community Based Organisations and other special interest groups are involved in the planning and implementation of MEGJC programmes and activities. Food for the Poor and HABITAT for Humanity have excellent working relationships with the MEGJC.

Table 4.1: Public Sector Stakeholders - Roles and Responsibilities

Ministry/Government Agencies	Key Consideration
Ministry of Finance and the Public Service	<ul style="list-style-type: none"> • Ensure efficient allocation and facilitate mobilisation of financial resources
Ministry of Transport and Mining	<ul style="list-style-type: none"> • Transportation planning and management
Ministry of Local Government and Community Development	<ul style="list-style-type: none"> • Approval of plans, review of development standards and enforcement of regulations
Ministry of Industry, Commerce, Agriculture and Fisheries	<ul style="list-style-type: none"> • Advance the development of a modern, efficient and internationally competitive agricultural sector and the sustainable management of these resources to promote food security and contribute to rural development; support the development of the construction industry.
Ministry of National Security	<ul style="list-style-type: none"> • Exercise overall responsibility for the security and public order of Jamaica.
Ministry of Economic Growth and Job Creation	<ul style="list-style-type: none"> • Facilitate the provision of housing and water by devising resource management measures to enhance the social and economic well-being of the nation, while ensuring that proper environment practices are enforced; ensure the provision of adequate supportive infrastructure
Ministry of Health and Wellness	<ul style="list-style-type: none"> • Ensure the provision of quality health services and promote healthy lifestyles and environmental practices
National Housing Trust	<ul style="list-style-type: none"> • Mobilize resources through compulsory contributions to finance housing
Housing Agency of Jamaica	<ul style="list-style-type: none"> • Undertake housing development on behalf of the GOJ
Jamaica Mortgage Bank	<ul style="list-style-type: none"> • Provide short-term financing for residential construction and infrastructure development and insuring mortgage loans
Urban Development Corporation	<ul style="list-style-type: none"> • Provide leadership in urban planning and development
National Environment and Planning Agency	<ul style="list-style-type: none"> • Provide the urban and regional planning framework within which sectoral policies and national investments can be co-coordinated
National Works Agency	<ul style="list-style-type: none"> • Ensure adequate, safe and easy access to and from residential, commercial and industrial developments
National Land Agency	<ul style="list-style-type: none"> • Create and manage a modern national land information system to support sustainable development
National Water Commission	<ul style="list-style-type: none"> • Provide water and sewage treatment services to their customers across the island
Water Resources Authority	<ul style="list-style-type: none"> • Manage, protect, and control allocation and use of Jamaica's water resources
Office of Disaster Preparedness and Emergency Management	<ul style="list-style-type: none"> • Develop and implement policies and programmes for the purpose of achieving and maintaining an appropriate state of national preparedness
Planning Institute of Jamaica	<ul style="list-style-type: none"> • Provide leadership in national economic policy management and effective monitoring and evaluation of programmes undertaken by the Government

Rent Assessment Board	<ul style="list-style-type: none">• Establish the rental for all commercial and residential premises; receive and settle landlord and tenant disputes
Real Estate Board	<ul style="list-style-type: none">• Regulate housing developments
Social Development Commission	<ul style="list-style-type: none">• Mobilise government, community leaders, citizens and non-governmental organisations in community development initiatives

CHAPTER 5: LINKAGES WITH OTHER POLICIES AND PLANS

This housing policy was formulated in tandem with other social, economic and environmental policies targeting development inequities, urban decay and regional blightedness, safety, security and poverty reduction. In fact, a reciprocal relationship between housing and the broader social policy agenda is critical. For example, housing stress can potentially undermine social and labour market programming aimed at assisting specific target groups.

The strategic direction of the government as articulated in Vision 2030, recognises the synergy of housing with sectors dealing with land use/management, infrastructure support and services, disaster management, waste management, neighbourhood planning, regional and urban planning, zoning regulations, building codes, security, health, community development, legislation, governance, construction, employment and income.

The self-reinforcing nature of these connections also suggests that housing policy can be made more effective if social supports are incorporated. As a result, identifying effective approaches for addressing housing stress and exclusion is vital if progress is to be made on an array of socio-economic policy issues and returns on housing investments are to be maximised.

The National Housing Policy therefore furthers its commitment to the aims and objectives of the following policies and plans.

Vision 2030 (2009)

Vision 2030 is a long-term national development plan which is aimed at enabling Jamaica to achieve developed country status by 2030. The goal of Vision 2030 is to '*make Jamaica the place of choice to raise families, live, work and do business*', and the guiding principles which put people at the centre of Jamaica's transformation.

According to the plan, by 2030 every household should be living in a well-constructed dwelling unit. This plan recognises that in order for that objective to be achieved, and to satisfy the housing needs of all Jamaicans, strategies must be put in place to close the housing affordability gap.

This housing policy is one of the outcomes of Vision 2030 aimed at achieving and facilitating better utilization of resources in the public and private sectors, in order to satisfy the demand for housing in a coordinated and economical manner and to respond to the diverse needs of the disadvantaged and vulnerable groups in the society.

Housing Public-Private Partnership (HPPP) Policy (2008)

The HPPP Policy was developed to ensure that the best, technically sound, financially viable and economically affordable solutions are obtained to meet the national shelter needs through planned, sustainable communities.

This is a policy of the Ministry with responsibility for Housing, and governs Public-Private Partnership developments being undertaken under the Housing Act (1968) on lands owned by the Government. The partnership also provides guidance for developments being undertaken on privately owned lands but which are being facilitated by the Ministry. The HPPP also serves as a guide to the collaborative process of housing development embarked on by the Ministry and other government agencies involved in the implementation of housing solutions.

The HPPP is inextricably linked to the National Housing Policy which encourages private sector initiatives through the utilisation of government owned, private and joint venture resources for housing and community development. Through this initiative, the government is able to partner with private developers, contractors, CBOs and NGOs in addressing issues such as inner city redevelopment.

Operation PRIDE Policy (1994)

The Programme for Resettlement and Integrated Development Enterprises (Operation PRIDE) is intended to provide affordable land and shelter for persons who would not normally be able to afford conventional housing solutions, particularly the most vulnerable groups. The main objectives of the Programme are:

- The resolution of the shelter needs of a majority of low-income Jamaicans through the establishment of new planned settlements and the upgrading of existing settlements.
- The distribution of state lands as a catalyst in this process.

Three (3) broad categories of developments are undertaken under the Programme namely: Greenfields (sites on which there have been no previous settlement); Brownfields (sites on which there are existing informal settlements); and Relocation Greenfields (Greenfield sites to which informal settlers are to be relocated).

While Operation PRIDE was discontinued it resulted in the provision of some 13,010 planned solutions and the regularisation of some 113 informal settlements. This initiative, among several other joint local and international partnerships undertaken by the government, has resulted in the regularisation of many squatter communities. In charting the way forward, the Operation PRIDE Policy provides a framework for the National Housing Policy which seeks to increase the housing supply through land policy measures aimed at controlling squatting, upgrading and relocating squatter settlements.

National Land Policy (1996)

The National Land Policy was developed out of the recognition that land is very important to all aspects of human life. The goals and objectives of this policy are to ensure the sustainable, productive and equitable development, use and management of the country's natural resources. The policy also aims to complement socio-economic development initiatives of the country. It challenges and seeks to remove inefficient, onerous and outdated legal, administrative, management and other barriers that affect the planning, use, control, development, protection and conservation of Jamaica's physical resources.

It also seeks to ensure that measures are taken to reserve Classes I and II agricultural lands, as well as lands containing mineral reserves and those important for the recharging of the water resources, and that there is adherence to the settlement strategy.

The National Land Policy speaks to establishing development limits for urban and rural settlements to safeguard against urban sprawl, and encroachment on agricultural lands. The policy also reflects the recognition that dealing with land is a complex issue requiring the consideration of a wide range of influencing factors and players.

The policy also recognises that there is continuous and increasing competition for available land. It therefore addresses the political, psychological and sociological factors which may have serious repercussions for locational decisions made to accommodate the multiplicity of uses and users.

A major part of the land information and data management system, with which the policy is preoccupied, will assist in closing the locational dilemma of where housing development should be and by extension, analysing the locational characteristics of current housing developments. To this end, information on land use, tenure, physical and locational attributes, land value and vulnerability is important in deciding on locations for housing development.

The National Housing Policy complements the objectives of the National Land Policy as it stipulates the need for improved availability and access to land through a number of policy measures including accelerating the land titling process and establishing a land divestment policy among other initiatives.

National Physical Plan (Settlement Strategy) (1997)

This policy was designed to provide the framework through which the capacity of small and intermediate settlements would be strengthened to generate more widespread and equitable development.

The National Settlement Strategy also provides the spatial framework to guide socio-economic development, so that urbanisation would proceed on a rational basis. The policy supports urbanisation as a natural accompaniment to economic growth which can become a crucial agent for social and economic progress. The Strategy acknowledges that comprehensive planning and management of human settlements can contribute significantly to economic development, which is an integral part of the housing sector. As such the National Housing Policy seeks to address the issue of housing shortage through the provision of affordable housing solutions in order to achieve growth.

National Transport Policy (2007)

Transportation is vital in fostering economic growth and development. The national transport policy covers all modes of transport. This policy seeks to guide the overall development of the transportation sector and to provide the framework for the development of environmentally-sound transport infrastructure and services, in support of sustainable economic and social growth.

This policy comprehensively addresses the issues of the development, regulation, and maintenance of the transportation sector in Jamaica. Transport infrastructure and service such as roads, rails, ports and terminals are critical to the housing process.

Master Plan for Sustainable Tourism Development (2002)

The Master Plan for Sustainable Tourism Development seeks to diversify Jamaica's tourism product. The industry exerts such a powerful influence on settlement patterns, infrastructure and town planning and the use of natural resources, that allowing unplanned development to take place can lead to social and environmental degradation. Therefore, all expansions in the tourism sector must be planned with these factors in mind.

The aims of this Master Plan are as follows:

- To provide a comprehensive planning framework for the development of the industry;
- To elaborate a vision of the future direction, shape and composition of the industry that can serve to guide the actions of the huge number of stakeholders to a common goal and purpose;

- To detail the timing and sequencing of the major programmes, roles and responsibilities of key players, institutional arrangements and resource requirements needed for bringing the vision to fruition.

Science and Technology (S&T) Policy (2005)

The Science and Technology Policy has two separate missions. The first is to improve science, technology and engineering, and the second is to ensure that science and technology are used as tools to fulfil society's needs. This policy is designed to strengthen the role of innovation and the proper funding of science and technology activities to stimulate diversification of agriculture, revival of manufacturing and expansion of services. It seeks to promote greater private sector participation in science and technology development and application; and reduce poverty and unemployment. It also seeks to create greater abilities and capacities to compete in global trade, protecting the island's delicately balanced ecology and biodiversity; and developing and maintaining scientific skills critical for implementing the policy.

Successful implementation of the Policy demands the full support and engagement of all segments of the population. This policy is also considered as a platform for assertive execution, and consequently, will be accompanied by a National S&T Strategy. It will form the umbrella under which specific policies and implementation plans for the major sectors will be developed. These include energy, water, agriculture and agro-industry, housing, science and technology education, biotechnology and information and communication technology policies and plans. Thus the Science and Technology Policy is integral in informing the National Housing Policy.

National Policy for Persons with Disabilities (2000)

The traditional approach towards disability was largely one of health care, rehabilitation or charity. Negative perceptions and attitudes towards disability have resulted in the isolation and exclusion of persons with disabilities from the mainstream of society. As a result they are faced with a number of problems, especially in the areas of education, training, employment, medical care, housing and recreation.

The Policy seeks to address these issues in order to remove some social barriers, and foster greater determination within the population of persons with disabilities to achieve the goal of full integration in society. As such, the National Housing Policy addresses design and construction strategies to facilitate those with disabilities.

Jamaica National Environmental Action Plan (JaNEAP) (1995)

This Action Plan documents the major environmental problems facing Jamaica and formulates the appropriate policy framework, institutional arrangements, legal instruments, strategies, programmes and projects to address and mitigate these problems. JaNEAP is a national plan containing many actions that are intended to support the National Sustainable Development Strategy. A list of indicators is also included in the document, which provides the basis for measuring, over time, the outcome of these actions. It is also both national as well as sector specific, hence no single agency can undertake the responsibility for implementing the entire plan. Since housing and the environment are inextricably linked, the National Housing Policy recognizes the value of integration with the goals and objectives of JaNEAP.

Jamaica Energy Sector Policy 2006 - 2020

This policy aims to establish an appropriate regulatory framework to protect consumers, investors and the environment. The Policy will ensure stable and adequate energy supplies at the least economic cost in a deregulated and liberalized environment, to enhance international competitiveness and to improve the quality of life of householders. The policy acknowledges that there is need to minimize the adverse environmental effects and pollution caused by the production, storage, transport and use of energy, and minimize environmental degradation as a result of the use of fuel wood. In light of this, the National Housing Policy encourages the use of low energy-consuming construction practices which are in compliance with appropriate building standards.

National Forestry Policy (2001)

Jamaica's forest resources are indispensable for our social, economic and environmental development. The Forestry Policy sets out primary goals and priorities pertaining to the conservation and protection of forests and the sustainable management of forest lands and watersheds. It also deals with strategies and tools for implementation of these goals, including community participation, promotion and regulation of forest industries, forest research, public education and forestry training, incentives and funding and monitoring. It also outlines the mandates and roles of Government agencies involved in the management of forest land.

The Government of Jamaica recognises the importance of involving local communities, the private sector, landowners and non-governmental organisations in the planning, implementation and monitoring of activities to support forest conservation and development in the national interest. The National Housing policy recognizes the importance of ensuring that adequate land is provided for housing. However it ensures that the provision of suitable land is not in contravention with protecting the island's forest reserves.

Agricultural Development Strategy

This Strategy seeks to address the most pressing constraints facing the Jamaican agricultural sector and to establish critical medium-term objectives needed to achieve broader goals envisioned by the Ministry. It is intended that these goals will be achieved through the implementation of “rolling” three-year strategic plans, beginning 2005 – 2008.

The Agricultural Development strategy is designed to contribute to sustainable growth and development through employment, export earnings and food security; to halt the decline of the sector; to restore levels of productivity; to promote expansion of products with viable markets; to promote agro-industries, and to provide meaningful livelihoods, especially for young people in rural areas. The National Housing Policy recognizes the importance of proper land use management practices and therefore harmonises with the Agricultural Development Strategy in ensuring that human settlements, especially in relation to housing development, do not encroach on prime agricultural lands.

Mining and Quarrying Sector Plan (2007)

The mining and quarrying sector represents a critical component in the national development of those countries such as Jamaica that are endowed with exploitable mineral resources. Mineral exploitation, including mining and quarrying, and their related activities are important direct and indirect contributors to the development of modern economies.

This policy focuses on promoting sustainable development and contributing to the ongoing modernization of the minerals industry. This includes proposing amendments to minerals-related legislation, introducing new ones, developing programmes and projects to facilitate the industry’s continued development and efficiently managing mineral-bearing lands. The policy is also intended to provide the sector with careful spatial and environmental planning to reconcile its development with competing land use for other sectors including tourism, agriculture and housing.

National Minerals Policy (2009)

The purpose of this Policy is to establish a formal framework that outlines Jamaica’s approach to managing its mineral resources and developing this industry so as to contribute to sustainable national development. It arises out of a necessity to:

- create a single, coherent national approach for the Minerals Industry, which will develop the enabling environment to encourage further investment and promote diversification and development of the industry;
- consider the rationalization of the numerous pieces of legislation governing the industry;
- revise the land-use and land management framework to allow for sequential planning and so optimize the benefits of exploiting the country's mineral resources, while minimizing negative social and environmental impacts.

The current National Minerals Policy relates to housing development and general urbanisation. As the policy relates to urbanisation, significant sterilization of mineral resources and hampering of the industry's economic growth could emerge as major problems if the country fails to adhere to the concept of sequential land use planning. The Minerals Policy seeks to promote steps to minimize the country's dependence on bauxite.

National Water Sector Policy and Implementation Plan (2019)

The policy is to ensure that Jamaica's water resources are effectively managed so as to provide for our nation's social, economic, and environmental well-being, now and in the future.

The policy objectives are:

- To improve institutional arrangements for integrated water resources management.
- To protect watershed areas, ecosystems, catchments and networks, and promote effective programmes for water resource conservation and protection.
- To include research, adaptation and implementation of scientific and technological innovation to sustain ecosystem services of water.
- To put in place the policy, programmes and physical structure for the climate adaptation and energy efficiency in the water sector.
- To allow for private sector participation in the water sector.
- To facilitate and increase investment in the water sector.
- To ensure economic efficiency by considering pricing and other economic incentives.
- To effectively manage water supply in Utility and Non-Utility Service Areas by ensuring equitable sharing of water resources in the twenty-six (26) Watershed Management Units (WMUs).
- To increase resilience to climate shocks, such as drought.
- To encourage rainwater harvesting, both as a primary source of access and as a drought management mechanism.
- To ensure effective management of wastewater.

Poverty Eradication Policy (1997)

The objective of this policy is to create a milieu in which all available resources will be marshalled to facilitate poverty eradication. The main mechanism for achieving poverty eradication has been an emphasis on integrated community development. The need to provide housing for the poor in order to increase their quality of life is one aspect of poverty eradication which the National Housing Policy seeks to address.

A Construction Industry Policy (2015)

The Jamaican construction industry is fairly well established, and comprises a wide range of service offerings, with skills spanning virtually every area of construction activity. The Construction Industry Policy statement outlines a framework that will assist the construction industry in Jamaica to meet the challenges and take advantage of opportunities in the short to medium term (5-7 years); this will set the stage for the ultimate entrance of the industry in the long term, into the international arena on a meaningful scale. It affirms Government's commitment to facilitate economic growth and to assist key industries to maximise their contribution to the growth of an internationally competitive economy.

The Policy document will apply to all segments of the construction industry. The successful implementation of the Policy and the achievement of the goals will depend on the support and collaboration of all the Industry participants. Consistent with the model of economic growth that it has committed to, the Government's primary role in the construction industry will be that of enabler and facilitator, providing the framework within which the private sector might act as the main engine of growth. Given the centrality of construction outputs on the quality of life, and in support of all economic and social activities, the Government will pay particular attention to the regulatory aspects of the industry.

Jamaica National Hazard Mitigation Policy (2005)

This policy provides a framework for integrating hazard mitigation into all policies, programmes and plans at national and community levels. It sets out the broad goals and guiding principles for hazard reduction and thus informs the development of national hazard mitigation plans. The policy seeks to foster community based approaches through the active participation and partnership of communities, governmental and non-governmental organizations, the private sector and development partners who will be actively involved in the conceptualisation, design and implementation of hazard-risk reduction measures. The policy also provides basic guidelines for the realisation of the benefits of these hazard-risk reduction measures in overall management to support the sustainable development process. Essentially, the National Hazard Mitigation Policy informs the

National Housing Policy through established guidelines as to the identification and utilization of suitable housing sites island wide, which ensure the safety of all Jamaicans.

National Population Policy (1992)

The goal of the National Population Policy is to improve the satisfaction of basic human needs and the quality of life of the Jamaican people in areas such as housing, health and nutrition, education, transportation and environmental conditions. The policy seeks to ensure that the population does not exceed the number of persons that can be supported by the nation at a satisfactory standard of living. Therefore, an average growth rate not exceeding 0.8 per cent per annum is deemed as satisfactory in fulfilling this objective and achieving the ultimate goal of zero population growth. The realization of the goal of the National Population Policy is hinged on addressing issues relating to population growth and size, fertility, internal migration, gender, the young and the aged and the environment. In essence, the National Population Policy establishes the carrying capacity of the population as it relates to the maximum number of inhabitants that can be provided for without excessive economic burden. The National Housing Policy complements the objectives of the National Population Policy in catering to the shelter needs of the populace within the carrying capacity established. This is an essential component in achieving a satisfactory standard of living.

National Crime Prevention and Community Safety Strategy (2010)

In recognition of the need for a more integrated multi-stakeholder approach to the safety challenges facing citizens and communities, the Crime Prevention and Community Safety Strategy was developed utilizing a participatory and coherent approach with other ministries. This would result in the implementation of policies designed to prevent crime, and reduce violence, particularly youth and gang related violence. The development of the Crime Prevention and Community Safety Strategy was led by the Crime Prevention and Communities Safety Branch in the Ministry of National Security's Policy Directorate. The core resource team includes the Jamaica Constabulary Force, the Ministry of National Security, the Planning Institute of Jamaica and the Social Development Commission along with the collaborative efforts of other ministries, departments and agencies. This strategy is invaluable to the National Housing Policy in addressing the persistence of criminal activities on building sites and in completed housing developments.

National Security Policy for Jamaica (2007)

The National Security Policy (NSP) cohesively integrates the country's major security policies, goals, responsibilities and actions into an overall master strategy for the fulfillment of the vision for national security for Jamaica. The NSP combines the use of the political, economic, social, information and security instruments for national power and influence, including the military. It clarifies the institutional framework within which the armed forces and civil institutions of the state will coordinate their activities to create an integrated and cohesive national security network to safeguard the national interest. It prescribes the complementary roles and responsibilities of the public and private sectors, as well as civil society, in supporting national security. The policy aims to transform attitudes, processes and practices to efficiently address the challenges facing the country. The policy supports the goal of the National Housing Policy in providing adequate security as an aspect of satisfying housing needs for all Jamaicans.

Final Draft Agricultural Sector Plan 2009

The agricultural sector is an essential contributor to GDP, employment, foreign exchange earnings and rural life. The Agricultural Sector Plan speaks to the transformation of the agricultural sector with its focus on the production of high-value commodities and contribution to national food security. The plan aims to achieve its goals through a sustained, research oriented, technological, market-driven and private sector-led revolution, which revitalizes rural communities and creates strong linkages with other sectors.

The plan represents a critical component to several areas of national development including transport, housing distribution, tourism, urban and regional planning, environmental management and mining and quarrying, among other areas. As such the Agricultural Sector Plan is critically linked to the National Housing Policy. The plan seeks to address concerns relating to land use. One of the major concerns it highlights relates to the loss of agricultural lands to human settlement and housing developments. Agricultural lands are being lost to housing developments and now cover less than 40% of total land area. Also, rural to urban migration has increased the problems of squatting, uncontrolled development of land, deforestation and watershed degradation. Therefore the Agricultural Plan speaks to the need to ensure sustainable use of prime agricultural land and its resources. It stipulates actions such as the coordination of land use planning initiatives on agricultural lands with other competing land uses including mining, quarrying, housing and commercial development.

Urban Planning and Regional Development Sector Plan 2009 – 2030

The Sector Plan is geared towards supporting the economic and social development of parishes island wide within a coordinated, coherent and mutually beneficial framework. The Plan targets areas of concern including inequality and poverty, unavailability of affordable housing, squatting, environmental degradation, fragmented subdivisions, urban sprawl, and unbalanced regional development among a myriad of other concerns. Essentially, current development policies are insufficiently comprehensive and far-reaching to address these inter-related problems. However innovative urban and regional planning (based on sustainable principles) play an important role in developing a comprehensive planning framework. The Plan speaks to promoting clear-cut policies, programmes and plans; decentralizing power and decision making and optimizing the use of resources. In addition, it facilitates the development of multi-sectoral and spatial linkages; identifies the growth potential of areas, and the most effective means of harnessing this potential; and informs market decisions by revealing trends in the economy, society and the natural environment.

National Industrial Policy (1996)

The National Industrial Policy established a framework for the industrial development of Jamaica, enabling a competitive environment in which all Jamaican-based firms would be in a position to operate at internationally competitive levels. The policy targeted four essential components, namely, macro-economic policy, industrial strategy, social policy and environmental policy. It is concerned with investment, productivity and growth in the sectors producing tradable goods and services in the economy. The policy was also designed to promote growth through the initiatives of the private sector. As an all-embracing document, the policy highlighted the need to increase investments, stem environmental degradation and improve the quality of rural life. Essentially the policy recognises that economic development cannot be pursued in isolation of environmental protection and management. Therefore, sustainable use and management of the environment is a critical component of the policy, as it seeks to deal with economic and social implications pertaining to the exploitation of natural resources. The National Housing Policy harmonises with these endeavours as it seeks to promote environmentally sound practices and the sustainable use of resources in the construction of housing.

CHAPTER 6: MONITORING AND EVALUATION

Broad participation, an inclusive approach and regular evaluation are important for long term success in both policy development and programme delivery, therefore the implementation of this policy will be effected through consultation with and partnerships between the MEGJC and other stakeholders.

The government is committed to implementing this policy through the development of appropriate action plans, which will outline the mechanism through which the policy goals and objectives will be achieved. This will detail the strategies, roles and responsibilities, and the timeframe within which it will be done.

Housing is an important part of the strategy for the alleviation of poverty and employment generation with direct implications for the socio-economic well-being of individuals. In the formulation of criteria and indicators, a collaborative approach involving all stakeholders will be used. Applicable and appropriate standards and the country's commitment to sustainable development will be taken into account.

The National Housing Policy and its supporting implementation plan will be reviewed every five (5) years to ensure continued relevance and effectiveness. Progress reports with respect to its impact and achievements will prepared and presented to Cabinet. The MEGJC will be responsible for data collection and evaluation of the policy.

CHAPTER 7: CONCLUSION

Jamaica is experiencing a significant housing shortage, especially in the low to middle income categories. A minimum of 15,000 housing solutions is required annually up to 2030 to address this shortage. There are two generic concerns of the housing sector: (1) cost/affordability and (2) location. All other concerns can be linked to these two. The generic concern of cost/affordability dominates the report and is manifested in the current profile of mortgage products and interest rates by formal private and public sector institutions which automatically exclude 80 per cent of the population on a single income from affording basic core shelter, services and secure titles. Despite considerable investment in, and efforts of successive governments with support from international aid agencies, the housing problem continues to be a challenge in terms of the growth of squatter settlements, spiralling house and land costs, overstressed infrastructure, the increasing struggle of the poor, and the despairing efforts of the vulnerable and the disadvantaged to secure legal, affordable and adequate housing.

The total funds available through existing finance institutions present a hard limit upon the number of housing solutions that have been produced over the last 25 years. This situation has been made significantly worse by the far greater increase in housing costs compared with incomes. The movement in housing costs over the last 30 years has far outstripped the movement in wages, with the consequence that effective demand of the minimum wage worker has diminished from being able to afford a two bedroom house on a single salary in 1979, to being required to combine 8 minimum wages to purchase the same house in 2009.

An equally important concern is that of location. Squatting is the most highly visible manifestation of the acute housing shortage, as well as of challenges related to suitable locations for housing. It is a clear indication of the need for social housing. This includes housing for the indigent as well as subsidised rent or shared equity to compensate for limited consumer affordability.

Location has therefore proven to be as important as cost/affordability. Land is one of the principal inputs for housing. Its identification, allocation and servicing are the three critical components of the housing supply process. A well-functioning housing system requires access to sufficient serviced land at a fair price. Land values, lack of available land, land transfer costs, land regulations, land distribution, illegal land occupation and encroachment of non-conforming uses into residential neighbourhoods, have all combined to reduce the supply of available housing stock. These challenges have made affordable housing increasingly difficult to provide, particularly in the urban centres.

From these somewhat broader issues and concerns of the sector both locally and globally, some specific issues can be recognised and appreciated. Among the major domestic challenges that this housing policy has identified as affecting the housing sector in Jamaica are:

- Persistent poverty and socio-economic disenfranchisement
- High cost of building material
- Low-income levels which prove inadequate to sustain mortgage payments at existing house prices
- High and burdensome land administrative costs
- Speculative land cost (land pricing)
- High and burdensome rent cost and limited rental units
- Untimely and inefficient stock renewal and replacement cost
- Shortage of affordable housing finance in the public and private sectors
- The high level of debt to Gross Domestic Product with the consequential heavy commitment to debt servicing of local and external debt by the government which serves to dry up government's direct intervention in housing construction
- Outdated zoning regulations and practices
- Lack of enforcement mechanisms and compliance with development and planning regulations
- Increasing rates of urbanisation and urban sprawl, and
- Increase in frequency and severity of natural phenomena and the increasing vulnerability of structures leading to disasters

The National Housing Policy has identified:

- current levels of housing stress
- affordable and appropriate housing supply
- community development approaches to support and enhance housing options and
- the need to create a socially just national housing system

This policy is premised on three (3) major guiding principles:

- increasing the flow of housing resources to all segments of the population, in particular to the poor, while at the same time reducing the direct governmental role in housing production
- ensuring wide-spread home ownership opportunities by developing functioning institutions in the private and public sectors that can facilitate delivery of decent, safe and affordable housing solutions for all Jamaicans; and
- maintaining a fair and stable operating environment for the private property market by ensuring adequate land supply and the provision of supporting infrastructure

The principal issues which emerged from the situational analysis were used to group the policy objectives in the relevant categories identified in the TOR and out of the analysis (see Table 3.1). These categories are as follows:

- A. Public/Private Sector
- B. Affordability
- C. Housing Subsidies
- D. Planning, Management and Governance
- E. Legal Framework
- F. Squatting

The above categories allowed for the non-exclusive allocation of the policy objectives of this study, while acknowledging the cross-cutting nature of some of these objectives which called for subsidiary treatment in other categories. The overlap was deemed permissible since there is great connectivity among the elements which were further developed. Indeed, pursuing the discussion allowed for the policy implications to be identified and recommended. These recommendations formed the basis of the fuller articulation in the implementation plan.

This study was carefully undertaken given the centrality of adequate housing for social, economic and political development in Jamaica. It was very important to have undertaken this study because the situational analysis (the review of existing data, policy measures, and the UTECH/SALISES housing survey) and the specific examination of the several policy issues have indicated the most urgent need for an integrated policy on housing and its supportive elements. Some radical shifts towards this new policy have been identified, as well as proposals for strengthening the number of programmes and governance arrangements which have yielded as much success as they can in their present form. The legal and administrative proposals are as essential to successful policy outcomes as are the financial proposals and partnerships with the stakeholders.

The policy includes an implementation plan which embodies recommendations and identifies strategies and a range of activities to be undertaken to achieve access to safe, legal and affordable housing solutions for all by 2030.

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APPENDICES

APPENDIX 1

RESEARCH METHODOLOGY FOR THE UTECH/SALISES SURVEY

1.1 Sampling of respondents for the survey

The sample size for this survey was 2,550 household heads which, in relation to the total number of household heads of 748,329 across Jamaica, has a margin of error of plus/minus 2 per cent (+/-2 per cent). Using this sample size, the proportional distribution of respondents among the 14 parishes, as indicated in Table 1.1 below, was based on the 2001 Jamaican population census.

Table 1.1: A Breakdown of the Sample by Parish

Parish	Total households	Sample size
Kingston	28,200	90
St. Andrew	164,513	540
St. Thomas	28,210	90
Portland	23,916	90
St. Mary	32,167	120
St. Ann	45,378	150
Trelawny	21,733	90
St. James	49,741	150
Hanover	20,283	90
Westmoreland	42,029	150
St. Elizabeth	41,687	150
Manchester	51,425	150
Clarendon	64,669	240
St. Catherine	134,378	450
Total	748,329	2550

Source of Parish Household data: Jamaica Census 2001

1.2 The Interview Process

The survey was carried out among Jamaican household heads, randomly selected from the whole island using maps prepared by the Statistical Institute of Jamaica (STATIN) for each parish. Trained interviewers on the reserve list of the Statistical Institute of Jamaica (STATIN), who are located in every parish in the island, were hired to conduct the interviews.

Twenty-eight interviewers were invited for a briefing at the Sir Arthur Lewis Institute of Social And Economic Studies, University of the West Indies, on October 3, 2008 and were provided with survey instruments for the pilot study. Results of the pilot study were discussed between interviewers and survey investigators on October 10, 2008.

Field interviews began in the week of October 12, 2008 and were completed on Friday, January 16, 2009. At least three factors were responsible for the delay in the completion of field interviews: (i) delays in the printing of the survey instrument by one and a half weeks, due to the huge volume of work; (ii) the Christmas season which made field interviews unattainable and, most important of all, (iii) persistent rains during the month of November 2008, which hampered the movement of interviewers to the field.

APPENDIX 2

NATIONAL HOUSING SURVEY INSTRUMENT

UNIVERSITY OF TECHNOLOGY & THE UNIVERSITY OF THE WEST INDIES

NATIONAL HOUSING POLICY SURVEY

QUESTIONNAIRE No.

PARISH. _____

INTERVIEWER _____

INTERVIEW No. _____

ED No _____

COMMUNITY _____

HOUSE No./ LANDMARK _____

DATE OF INTERVIEW _____

TIME INTERVIEW STARTED _____

NAME OF HOUSEHOLD HEAD _____

TIME INTERVIEW ENDED _____

My name is _____ and I am conducting a survey on behalf of the University of Technology and The University of the West Indies on issues relating to housing in Jamaica. The survey has been commissioned by the Ministry of Housing in order to develop a suitable housing policy for Jamaica. **Your full cooperation will be appreciated. All results will be presented in an anonymous statistical form** and, hence, **full confidentiality is assured**. If you have any queries please call Mr. Desmond Hall at 927-1680-8 or Professor Neville Duncan at 927-2575.

HOUSING DATA

<p>1. In what year/period was this dwelling built? <i>(Interviewer: Please tick)</i></p> <table border="1"> <thead> <tr> <th>Period</th> <th></th> </tr> </thead> <tbody> <tr> <td>Pre-1900</td> <td></td> </tr> <tr> <td>1900 - 1940</td> <td></td> </tr> <tr> <td>1941 - 1960</td> <td></td> </tr> <tr> <td>1961 - 1980</td> <td></td> </tr> <tr> <td>1981 - 2000</td> <td></td> </tr> <tr> <td>After 2000</td> <td></td> </tr> <tr> <td>Do Not Know</td> <td></td> </tr> </tbody> </table>	Period		Pre-1900		1900 - 1940		1941 - 1960		1961 - 1980		1981 - 2000		After 2000		Do Not Know		<p>5a. Do you make mortgage payments on this dwelling? 1) Yes 2) No-→Q.8</p> <p>5b. How much was your last payment? Amount J\$ <input type="text"/></p> <p>5c. How often do you make these payments? No. of Times 1) Per month 2) Quarterly 3) Per year 4) Biannually 5) Other (Specify) _____</p>	<p>7b. How much money does your household pay in lease/rent for the dwelling? Amount J\$ <input type="text"/></p> <p><i>(Interviewer: Please tick/circle)</i> 1) Per week 2) Per monthz 3) Per year 4) Other (Specify) _____</p> <p>7c. Does someone, who is not a member of the household, help to pay the rent for this dwelling? 1) Relative 2) Private employer 3) Public agency 4) Private individual or agency 5) Nobody helps 6) Other(Specify) _____</p>
Period																		
Pre-1900																		
1900 - 1940																		
1941 - 1960																		
1961 - 1980																		
1981 - 2000																		
After 2000																		
Do Not Know																		
<p>2. Including yourself, how many persons are living in your household? No. _____</p>	<p>6a. What is your source of mortgage? 1) NHT 2) Jamaica Mortgage Bank 3) NHDC 4) Jamaica Building Societies 5) Credit Unions 6) Other(Specify) _____</p> <p>6b. How did you obtain your mortgage? 1) By yourself (Singly) 2) Jointly } Skip to Q.8</p>	<p>8. How many rooms are occupied by your household in this house, excluding verandahs, kitchens and bathrooms? No. of Rooms _____</p>																
<p>3. Type of Dwelling 1) Separate house detached 2) Semi-detached house 3) Part of a house 4) Apartment building 5) Town house 6) Improvised housing unit 7) Part of a commercial building 8) Other(Specify) _____</p>	<p>7a. From whom is the dwelling leased/rented? 1) Relative 2) Private employer 3) Public agency 4) Private individual or agency 5) Other(Specify) _____</p>	<p>9. What is the main material of the outer walls? 1) Wood 2) Stone 3) Bricks 4) Concrete Nog 5) Block and Steel 6) Wattle/Adobe 7) Other(Specify) _____</p>																
<p>4. Does this household own, rent or lease this dwelling? 1) Owned with title 2) Family owned without title 3) Leased-→Q.7a 4) Private rented-→Q.7a 5) Government rented-→Q.7a 6) Rent free-→Q.8 7) Squatted-→Q.8 8) Other(Specify) _____</p>																		

<p>10.What is the main material from which the roof of the dwelling is constructed?</p> <ol style="list-style-type: none"> 1) Zinc/Tin 2) Tiles 3) Concrete 4) Metal (decra, etc) 5) Asbestos Sheets 6) Cardboard 7) Thatch 8) Shingles (Fiberglass/wood) 9) Other (Specify)_____ 	<p>13.What is the main source of domestic water supply?</p> <ol style="list-style-type: none"> 1) Indoor tap/pipe 2) Outside private tap/pipe 3) Public standpipe 4) Well 5) River, lake, spring, pond 6) Rainwater 7) Trucked 8) Other(Specify)_____ 	<p>16.How do you dispose of your garbage?</p> <ol style="list-style-type: none"> 1) Garbage Truck 2) Placed in a skip 3) Burn 4) Bury 5) Dump in empty lot 6) Dump in gully 7) Other (Specify)_____
<p>11a.Have you made any significant structural modification(s) to your current dwelling in the past 5 years?</p> <p>1) Yes→Q.11b 2) No→Q.12</p> <p>11b. If yes, specify the change(s)</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>14.What type of fuel is mostly used by your household for cooking?</p> <ol style="list-style-type: none"> 1) Electricity 2) Gas 3) Kerosene 4) Charcoal 5) Wood 6) Other(Specify)_____ 	<p>HOUSING NEEDS</p>
<p>12.What type of toilet facilities does this household have?</p> <ol style="list-style-type: none"> 1) Flush indoor toilet linked to sewer 2) Flush outdoor toilet linked to sewer 3) Flush indoor toilet linked to septic tank/soak away 4) Flush outdoor toilet linked to septic tank/soak away 5) Pit latrine 6) Other(Specify)_____ 7) None 	<p>15a.What is the main source of lighting in your household?</p> <ol style="list-style-type: none"> 1) Electricity-→Q.15b 2) Gas lamp (spirit) -→Q.16 3) Kerosene lamp-→Q.16 4) Candles-→Q.16 5) Alternate energy (solar,biogas,etc.)-→Q.16 6) Other(Specify)_____ -→Q.16 	<p>17a. Do you have any immediate housing needs?</p> <p>1) Yes-→Q.17b 2) No-→Q18a.</p>
	<p>15b.If electricity, where do you get the supply?</p> <ol style="list-style-type: none"> 1) Private meter 2) Public meter (shared with others) 3) Borrowed (own connection to JPS) 4) Generator 5) Car battery 6) Other (Specify)_____ 	<p>17b.What type of dwelling will satisfy your immediate housing needs:</p> <ol style="list-style-type: none"> 1. Detached 2. Semi-Detached 3. Townhouse 4. Apartment 5. Part of a house 6. Other (Specify)_____
		<p>17c. How do you plan to address your immediate housing needs?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

LAND TENANCY

<p>22. How long have you been living at this location?</p> <ol style="list-style-type: none"> 1) Less than 1 year 2) 1-5 years 3) 6-10 years 4) 11-15 years 5) 16-20 years 6) 21 years and over 	<p>25. How did your household acquire this land?</p> <ol style="list-style-type: none"> 1) Purchase-→Q.27a 2) Rent 3) Lease 4) Capture 5) Inherit-→Q.27a 6) Other(Specify) _____ 	<p>28a. Have you lost any land tenure in the past?</p> <p>1) Yes-→Q.28b 2) No-→Q.29</p> <p>28b. What was the main reason?</p> <ol style="list-style-type: none"> 1) Could not afford to pay for the land 2) Forced out of the land by the government 3) Forced out of the land by the land owner 4) Forced out of land by a natural disaster 5) Other (Specify) _____
<p>23a. Have you lived here all your life?</p> <p>1) Yes-→ Q.25 2) No-→Q.23b</p> <p>23b. Where did you live before you moved to this location? _____</p> <p>23c. The location from which you moved was:</p> <ol style="list-style-type: none"> 1) Within the same community 2) Within 1 mile radius 3) Within the same Parish 4) Outside the Parish, but within Jamaica 5) Outside Jamaica 	<p>26a. If you do not already own this property and were given the opportunity to purchase it, would you do so?</p> <ol style="list-style-type: none"> 1) Yes-→ Q.26b. 2) No-→ Q.27a 3) I do not know→Q.27a. 	<p>SENSE OF COMMUNITY & SOCIAL CAPITAL</p> <p>29. In the area in which you live, would you say that most people trust each other or they stay to themselves?</p> <ol style="list-style-type: none"> 1) Mostly trust each other 2) Mostly go their own way; stay to themselves 3) A mixture 4) Do not really know 5) Other(Specify) _____
<p>24. Why did you move to this location?</p> <ol style="list-style-type: none"> 1) Born here, did not move 2) Economic reasons (availability of free/cheap land, house, etc.) 3) Safety reasons (running away from a hostile environment) 4) Employment opportunities (near a place of work) 5) To live with relatives 6) Invited by a politician 7) Other (Specify) _____ 	<p>26b. Would you buy it alone or in partnership with other/s?</p> <ol style="list-style-type: none"> 1) Alone 2) With my mate 3) With my sister, brother, mother and or father 4) Other(Specify) _____ 	<p>30. How safe do you feel walking in your community? _____</p> <p>_____</p> <p>_____</p>
	<p>26c. If yes, how would you make payments?</p> <ol style="list-style-type: none"> 1) Cash 2) Installments 3) Other(Specify) _____ 	<p>31a. Do you have community association(s)?</p> <p>1) Yes→Q.31b 2) No-→Q.32a</p> <p>31b. If yes, what is/are the name(s) of the organisation(s)?</p> <p>_____</p> <p>_____</p> <p>_____</p>
	<p>27a. Have you or any member of your household ever occupied/owned land elsewhere in Jamaica?</p> <p>1) Yes-→Q.27b 2) No-→Q.28</p> <p>27b. If yes, how many have you had?</p> <p>1) One 2) Two 3) More than two</p> <p>27c. How many do you still have?</p> <p>1) One 2) Two 3) More than two</p>	

DEMOGRAPHIC DATA		
<p>32a. Are there community meetings?</p> <p>1) Yes → Q.32b 2) No → Q.33</p> <p>32b. How often do you attend community meetings?</p> <p>1) All the time 2) Sometimes 3) Only when they are discussing issues relevant to me 4) Never</p>	<p>36a. Do you plan to move out of this community in the near future?</p> <p>1) Yes → Q.36b 2) No → Q. 37a.</p> <p>36b. Why?: _____ _____ _____</p>	<p>38. What is your marital/union status?</p> <p>1) Married 2) Common-Law 3) Visiting relationship 4) Single 5) Single with child/children 6) Divorced with no child 7) Divorced with child/children 8) Separated with no child 9) Separated with child/children 10) Widowed 11) Other (Specify) _____</p>
<p>33. Where is your place of work (employment) located? (Interviewer: note the location and then circle relevantly)</p> <p>1) Here within the community 2) Within a mile from this community 3) Within the parish 4) Outside the parish 5) You are not working at the moment → Q.36 6) Other (Specify) _____</p>	<p>37a. What would you consider to be improvements necessary for this community? (Interviewer: accept multiple responses)</p> <p>1) Child care centre 2) Running water/Sanitation 3) Electricity 4) Crime water (more security) 5) A school for children 6) Skills training programme 7) Community centre 8) Recreation/Park facilities 9) Health clinic 10) Post office 11) Evening school for adults 12) Paved roads 13) Parking spaces 14) Early morning and late night public bus/transportation Services 15) Police on the beat in the community 16) Street lights 17) Others (Specify) _____</p>	<p>39. What is the average weekly income of the Household Head? (Amount in J\$)</p> <p>1) Less than 4 000 2) 4 000-9 000 3) 10 000-15 000 4) 16 000-20 000 5) More than 20 000</p>
<p>34a. How long does it take you to commute to work? _____ Hours _____ Minutes</p> <p>34b. What is your main mode of transportation to & from work?</p> <p>1) Walk 2) Public Transport 3) Private Transport 4) Other (Specify) _____</p>	<p>37b. Which one is the most important?</p> <p>_____ _____ _____ _____</p>	<p>40. What is the total weekly income of the Household (income of all household members)? (Amount in J\$)</p> <p>1) Less than 5 000 2) 6 000-10 000 3) 11 000-15 000 4) 16 000-20 000 5) 21 000-25 000 6) 26 000-30 000 7) More than 30 000</p>
<p>35. How long have you worked in that location? (Interviewer: do not prompt responses)</p> <p>1) Less than a year 2) 1-5 years 3) 6-10 years 4) More than 10 years</p>		

<p>41. What is the total weekly expenditure of the Household? (Amount in J\$)</p> <p>1) Less than 4 000 2) 4 000-9 000 3) 10 000-15 000 4) 16 000-20 000 5) More than 20 000</p>																																								
<p>42. During the past 12 months, has any member of your household received <u>money and/or goods</u> from persons living outside of the household?</p> <p>1) Yes (<i>Interviewer: Read all & circle relevantly</i>) 2) No (<i>Interviewer: End the interview</i>)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 35%;"></th> <th style="width: 15%;">MONEY</th> <th style="width: 15%;">GOODS</th> </tr> </thead> <tbody> <tr> <td>a. Support for children from Parents who live in Jamaica?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>b. Support for children from Parents who live abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>c. Spouse who lives in Jamaica?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>d. Spouse who lives abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>e. Child/Children who live(s) in Jamaica?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>f. Child/Children who live(s) abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>g. Other relatives who live in Jamaica?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>h. Other relatives who live abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>i. Friends who live in Jamaica?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>j. Friends who live abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>k. Pensions from abroad?</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> <tr> <td>l. Contributions from Private organizations/institutions abroad? Eg Homecoming Associations, Churches, Non-Gov't Institutions</td> <td>1)Yes 2)No</td> <td>1)Yes 2)No</td> </tr> </tbody> </table>			MONEY	GOODS	a. Support for children from Parents who live in Jamaica?	1)Yes 2)No	1)Yes 2)No	b. Support for children from Parents who live abroad?	1)Yes 2)No	1)Yes 2)No	c. Spouse who lives in Jamaica?	1)Yes 2)No	1)Yes 2)No	d. Spouse who lives abroad?	1)Yes 2)No	1)Yes 2)No	e. Child/Children who live(s) in Jamaica?	1)Yes 2)No	1)Yes 2)No	f. Child/Children who live(s) abroad?	1)Yes 2)No	1)Yes 2)No	g. Other relatives who live in Jamaica?	1)Yes 2)No	1)Yes 2)No	h. Other relatives who live abroad?	1)Yes 2)No	1)Yes 2)No	i. Friends who live in Jamaica?	1)Yes 2)No	1)Yes 2)No	j. Friends who live abroad?	1)Yes 2)No	1)Yes 2)No	k. Pensions from abroad?	1)Yes 2)No	1)Yes 2)No	l. Contributions from Private organizations/institutions abroad? Eg Homecoming Associations, Churches, Non-Gov't Institutions	1)Yes 2)No	1)Yes 2)No
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END OF INTERVIEW

INTERVIEWER'S NOTES

<p>1. General conditions of the structure:</p> <ol style="list-style-type: none">1) Excellent: Strong physical structure; freshly painted; doors, windows are intact and look good.2) Good. Structure is sound; may not be freshly painted but is in good physical condition.3) Fair: Structure is reasonably sound; may need painting; needs minor repairs.4) Poor: Structural damage; cracks, missing windows or doors; in urgent need of major repairs.5) Very poor: Not fit for human habitation	<p>2. Respondent's response to the interview was:</p> <ol style="list-style-type: none">1) Very interested, responsive2) Co-operative, fairly responsive3) Reserved, shy, limited response4) Not co-operative, negative.
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Additional Interviewer's Comments

TIME INTERVIEW COMPLETED _____

APPENDIX 3**Housing Completion 1982 – 2017**

Year	Private Sector	Public Sector	Total
1982	1 210	5 019	6 229
1983	2 108	2 406	4 514
1984	392	2 740	3 132
1985	265	1 556	1 821
1986	59	2 121	2 180
1987	62	2 046	2 108
1988	150	2 426	2 576
1989	200	3 616	3 816
1990	667	2 132	2 799
1991	899	2 904	3 803
1992	2 699	2 504	5 203
1993	3 573	2 474	6 047
1994	5 128	2 822	7 169
1995	2 599	7 974	10 784
1996	556	2 077	2 633
1997	80	4 331	4 411
1998	791	2 011	2 802
1999	1 286	5 712	6 998
2000	370	4 599	4 969
2001	164	3 031	3 195
2002	630	4 443	5 073
2003	828	3 139	3 967
2004	866	4 966	5 832
2005	1 310	2 876	4 186
2006	569	3 101	3 600
2007			2 682
2008	814	4 459	5 273
2009	802	2 652	3 454
2010	1 547	1 452	2 999

Housing Completion 1982 – 2016 (Cont'd)

Year	Private Sector	Public Sector	Total
2011	2 026	1 618	3 644
2012	1 658	2 676	4 334
2013	3 939	1 621	5 560
2014	670	1 613	2 283
2015	156	2 226	2 382
2016p	97	1 323	1 420
2017	145	1 212	1 357

Source: *Economic and Social Survey of Jamaica (ESSJ) (various years)*. Kingston: Planning Institute of Jamaica.
 p: Preliminary

APPENDIX 4**Housing Quality Index (HQI), 2006-2010, 2012 - 2015**

Indicator of Housing quality	Percentage of Households								
	2006	2007	2008	2009	2010	2012	2013	2014	2015
Walls of Concrete Block and Steel	65.1	66.6	72.0	70.8	70.7	69.1	75.4	68.4	68.1
Exclusive Use of Water Closet	57.2	56.8	62.9	60.9	63.2	64.8	69.9	66.8	65.9
Indoor Taps	48.5	50.6	53.9	53.9	54.0	54.0	56.0	51.4	49.2
Electricity for Lighting	90.0	90.3	92.7	92.9	92.9	93.1	93.9	93.3	94.9
Exclusive Use of Kitchens	93.6	93.1	92.9	92.9	93.2	92.6	94.1	93.9	92.6
International Standard for No. of 1.01 Persons per Habitable Room	50.0	51.2	53.8	54.1	55.2	58.4	60.7	62.9	62.2
HQI	67.4	68.1	71.4	70.9	71.5	72.0	75.0	72.8	72.2

Source: Jamaica Survey of Living Condition (JSLC) 2015

APPENDIX 5

EXISTING LEGISLATION AND AGREEMENTS

The following legislations are pertinent to the housing system in Jamaica.

- **Land and Housing Legislation**

Housing Act (1968)

The Ministry of Housing has the largest Housing Mandate for the provision of units through various agencies including the Ministry itself. The Minister of Housing is a corporation sole and has “perpetual succession with a capacity to acquire, hold and dispose of land and other property of whatever kind” – Section 3 (1).

In addition “all land and other property of whatever kind vested in the Minister in pursuance of this Act shall be held by him for the purposes of this Act” – Section 3 (3). The Act deals with:

- Preparation and approval of Schemes.
- Emergency Housing Schemes.
- Effect and Obligations consequent upon approval of slum clearance or improvement scheme.
- Acquisition of land.
- Completion of Schemes and Consequential Powers and Duties.
- Further Powers (for example - Granting loans for the erection of dwelling houses, assisting in housing improvements etc.).
- Preparation, approval and completion of schemes prepared by housing associations.
- General Powers (for example - Establishment of the housing fund, and exemption from personal liability).

Rent Restriction Act (1944)

The Act has been amended over the years to accommodate changes with respect to rental property. The Act applies to “all land which is building land at the commencement of this Act or becomes building land thereafter and to all dwelling houses and public or commercial buildings whether in existence or let at the commencement of this Act or erected or let thereafter and whether furnished or unfurnished” – Section 3 (1).

The Act does not apply to dwelling houses in which payments are made for boarding; building land while let on a building lease, or a renewal or continuance of a building lease for a term of 25 years or more.

Urban Development Corporation Act (1968)

The Urban Development Corporation through the U.D.C. Act is a statutory body to “carry out and or secure the laying out and development of designated areas.” Its main focus is on land assembly and primary development of urban areas. However associated secondary development such as housing can be undertaken to fulfil the needs of those in the designated areas.

The Restrictive Covenants (Discharge and Modification) Act (1960)

Covenants can be positive or negative. The most common freeholds are those which prohibit the building of more than a specific number of houses on a parcel of land, and those which restrict the use of the property to that of a dwelling house only. The covenants run with the land and can only be modified or discharged by the Courts. A building scheme for a particular area of land has the effect of rendering each purchaser and his successors in title subject to the restrictions and of conferring on them the benefits of the scheme between themselves and other purchasers in the scheme. Covenants also include the distances of houses from all boundaries, gates opening inward etc.

However, in Jamaica, particularly in certain housing schemes, there is a tendency for these to be violated without approval from the local Authorities. Owners build on property boundaries without due regard for neighbours, change the design of facades (for example - Town houses) or quite frequently use the premises for commercial purposes. A lot of the housing stock has been lost to illegal changes of use, which have created nuisances to adjoining owners who can use the justice system under this Act to remedy the said nuisance. In other cases the nuisance can continue through lack of enforcement, and in time the entire scheme can lose its residential use. It is not unusual to see houses being advertised for sale or rent with a provision that “it can be used for commercial use” without any permission being sought to change the use under the Town and Country Planning Act. This scenario creates problems (for example - residential roads are now being used for commercial, industrial or through traffic).

The Financial institutions, however, usually do not grant mortgages unless the pertinent covenant(s) are modified or revoked. This is done through the justice system, and advice is sought from the Town and Country Authority and the Local Authorities before a decision is made. However the violation of these covenants and loss of the housing stock can continue if no loans are required.

Generally, covenants are too often ignored either through ignorance or indiscipline.

- **Finance Legislation**

National Housing Trust Act (1976)

The National Housing Trust was established in 1976 to administer the National Trust Act. Under the Act resources are mobilized to finance shelter through compulsory contributions. Under the law employers are required to remit to the NHT a sum equal to 5 per cent of their wage bill. Two percentage points of 5 per cent are on behalf of the employees and 3 per cent on the employer's behalf. The compulsory contributions provide the financial resources of the Trust at a weighted rate of 1.2 per cent.

The NHT is both a financier and developer. It provides interim financing for housing projects. The following housing solutions are offered by the Trust under its Act: Scheme Units, Build on own Land, Home Improvements, Open Market, Serviced Lots, House Lots, Combined Mortgage Programme and Group Financing – Joint Venture Facility.

Mortgage Insurance Act (1960)

The primary mandate of the Mortgage Insurance Act and attendant regulations is to afford prospective homeowners the opportunity to access affordable mortgages whilst providing tangible security for lenders. The Act provides for the establishment of a Mortgage Insurance Fund through which the Jamaica Mortgage Bank can insure loans provided by approved mortgage granting institutions, as per specific requirements outlined in the Act.

In 2014, Section 4 (1) (b) (i) of the Mortgage Insurance Act (1960) was amended to allow for an increase in the aggregate per-centum of the appraised value of the property on which a mortgage indemnity insurance can be granted from 90% to 97%.

The amendment was intended to:

- Make mortgages more accessible to the average Jamaican in their quest to acquire a house and relieve them of the burden of a high down payment.
- Permit the Jamaica Mortgage Bank (JMB) to stimulate competition in the mortgage market, by expanding the Mortgage Indemnity Insurance (MII) scheme.

- **Planning and Development Legislation**

Local Improvements Act (1914)

This Act deals with the subdivision of land which is not “development” under the Town and Country Planning Act. The administration of the law is in the hands of the various Municipal Corporations who:

1. may grant permission with or without such conditions as they deem fit; or
2. may refuse permission

These actions are taken after receiving recommendation of the Chief Technical Director and the Government Town Planner. If there is any objection to the said recommendations, the Municipal Corporations must give the agencies a ‘hearing’ before a further decision is made. The decision of the Corporation has to be ratified by the Minister before the sub-division is deemed approved or refused. Stated another way, control of subdivisions of land is locally in the hands of the Municipal Corporations and centrally in the hands of the Minister.

“Subdivision” of Land is not defined in the law although “the sale of land” is. The Law is to control the subdivision of land for the purpose of building thereon or for the purpose of sale.

Town and Country Planning Act (1957)

This Act deals with Planning permission for “development” which is defined as “the carrying out of building, engineering, mining or other operations in, on, over or under land, or the making of any material change in the use of any buildings or other land.” – Section 5 (2). It is under this Act that the private sector obtains planning permission for the construction of houses. The Act also indicates operations or uses of land not deemed to be “development”. By virtue of the Act, the Municipal Corporations and the Kingston and St. Andrew Municipal Corporation are the local Planning Authorities. However the Minister could appoint a person or body to be the Local Planning Authority (for example - Negril Green Island Local Planning Authority). These exercise planning functions within their respective areas, unless the planning area has been “called in” by the Town and Country Planning Authority, in which case, that Authority makes the planning decisions.

The Town and Country Planning Authority is appointed by the Minister, and its main functions are:

1. The Preparation of Development Orders after consultations with respective Local Planning Authorities
2. Planning Decisions in “called areas”; and
3. Enforcement

The Development Orders are the instruments which give effect to planning as they initiate and maintain the control machinery. Consequently, if there are no Development Orders in an area there can be no planning control, and there will be no need to seek planning permission in those areas. Currently, only about 67% of the Island is under planning control. Efforts are however underway to ensure that the entire island is covered by development orders, and thus subjected to planning control.

The Act provides for an appeal to the Minister who may allow or dismiss the appeal, or reverse, or vary any part of the decision of the local planning authority or the Town and Country Planning Authority.

All applications for planning permission must be lodged at the Local Planning Authority in which the development is located. The Local Authority may submit such plans to NEPA for advice or to the TCPA as the case may be, for a planning decision. All applicants must conform to the decision given, and failure to do so will result in enforcement. Further, it is illegal to build without planning permission in these areas.

The Act does not bind the Crown, and consequently, development undertaken under the Housing Act is exempt from its provision.

Registration (Strata Titles) Act (1969)

Lands under the Registration of Titles Act may be subdivided into strata lots in accordance with a strata registered by the Registrar of Titles. This Act is increasingly being used specifically in the housing sector, as it relates to multi-family developments, apartments, and a mixture of townhouses and apartments. In these circumstances land is subdivided in accordance with a strata plan. In addition to the strata lot, there is common property which is not included in any strata lot in such a plan. Rather the common property is owned equally by each strata lot. Such housing developments are usually located in urban areas where densities are high and central sewage and other infrastructure facilities are available.

Registration of Titles Act (1889)

This Act deals with the proper procedures and guidelines for obtaining 'Registered Titles' for parcels of land. Security of tenure is fundamental to the provision of housing and land. Applications for titles are made to the Registrar of Titles, who checks that the provisions of the Act are met before titles are issued (e.g. certain conditions of approval imposed by the Municipal Corporations). The Act recognizes Common Law titles. However a common practice is to purchase land and only obtain a Surveyor's diagram and go no further until a situation demands a title, which may prove difficult, as no subdivision approval was ever received.

The Building Act (2018)

The Building Act covers the island and deals with the structural integrity of buildings. Permission has to be sought from the Kingston and St. Andrew Municipal Corporation or the Municipal Corporation governing the subject parish before construction commences. Failure to do so will result in enforcement measures, and may even result in demolition. The Building Act is supported by the National Building Code for Jamaica, which comprise a series of regulations for different categories of building work. The National Building Code covers, inter alia, minimum standards and controls for building work and building use or supervision of buildings and building work; functional and performance requirements for buildings and building work.

- **Environmental Control**

Natural Resources Conservation Act (1991)

The Act established NRCA as a statutory body corporate with the responsibility for executing the powers of the Act. Of particular significance are the following:

1. The Act binds the Crown.
2. The entire island falls under the Act.
3. The Authority grants Permits and Licenses but the Minister has that power under appeal.
4. All environment permits and licenses are lodged at NEPA.

With respect to the Housing aspect, the following developments require permits:

- a) Subdivisions consisting of 10 lots or more.
- b) Housing developments (including apartments) consisting of 10 houses (including units) or more.

However it must be borne in mind that an environmental permit does not imply that a planning or building permission will be granted, or vice versa. The permit however indicates that the Environmental Permit is not permission to build, as other approvals, for example, planning and building, are necessary.

APPENDIX 6

AFFORDABLE MORTGAGES

Affordable Mortgage types

- *Affordable Inflation Sensitive Mortgages*
 1. The predominant mortgage instrument used in Jamaica is the Fixed Rate Mortgage (FRM). FRMs and their variants such as adjustable rate mortgages (ARM) amortize a loan at a given rate over a fixed term, usually at 20 to 30 years. The amortized payment may be constant for the entire loan amortization period, or may be altered to reflect adjustments in interest rates, after which it remains constant.
 2. FRMs were introduced during the US Great Depression, during which, the Federal Housing Authority (FHA) of the USA offered federally guaranteed 20 to 30 year mortgages, in 1934, as a means of curtailing massive housing foreclosures which resulted from the credit crisis then occurring. Previously, housing had been financed by short-term ARM loans (5 – 7 years), and many loans had to be refinanced at maturity just when bank credit had severely contracted (Wachter and Green, 2007). The long-term FRMs rescued the US housing market by enabling persons to remain in their homes and to continue payment over a longer period. With the US government's further encouragement through the development of a federally guaranteed secondary mortgage market (SMM) [1954 and after, FNMA etc], the FRMs became standard, not only in the US, but in many other countries. Jamaica is one of them.
 3. However, the FRM was conceived during a period of high unemployment. The US economy did not reach full employment until its entry into WWII in 1941. Inflation was therefore not a significant factor for many years, but when it did emerge in the 1970s and 1980s, it presented significant problems for both lenders and borrowers, thereby prompting the development of several alternative mortgage instruments. (Lessard and Modigliani, 1975).
 4. The fundamental weakness of FRMs structure is their treatment of inflation. The nominal interest rate comprises a combination of the real interest rate (R) plus a risk premium (P) and a further premium (F) for inflation. The inflation component is introduced to keep the real value of total payment constant. Current Jamaican nominal (mortgage) interest rates are at 16 per cent. Within this nominal rate there is a real risk free rate which is adjusted

for country risk and lending risk (inclusive of credit risk, liquidity risk, prepayment risk etc.) that results in an inflation free rate of about 7 per cent. The balance of 9 per cent represents inflation.

5. A constant risk adjusted real payment of 7 per cent on a mortgage of \$4.5 million results in a monthly mortgage payment of \$30,550 and a qualifying income of \$90,000 - \$120,000, calculated at a 25 per cent – 30 per cent ratio of mortgage payment to income. The payment is represented by the horizontal line Real Payment (RP) in Figure 1.1 below.

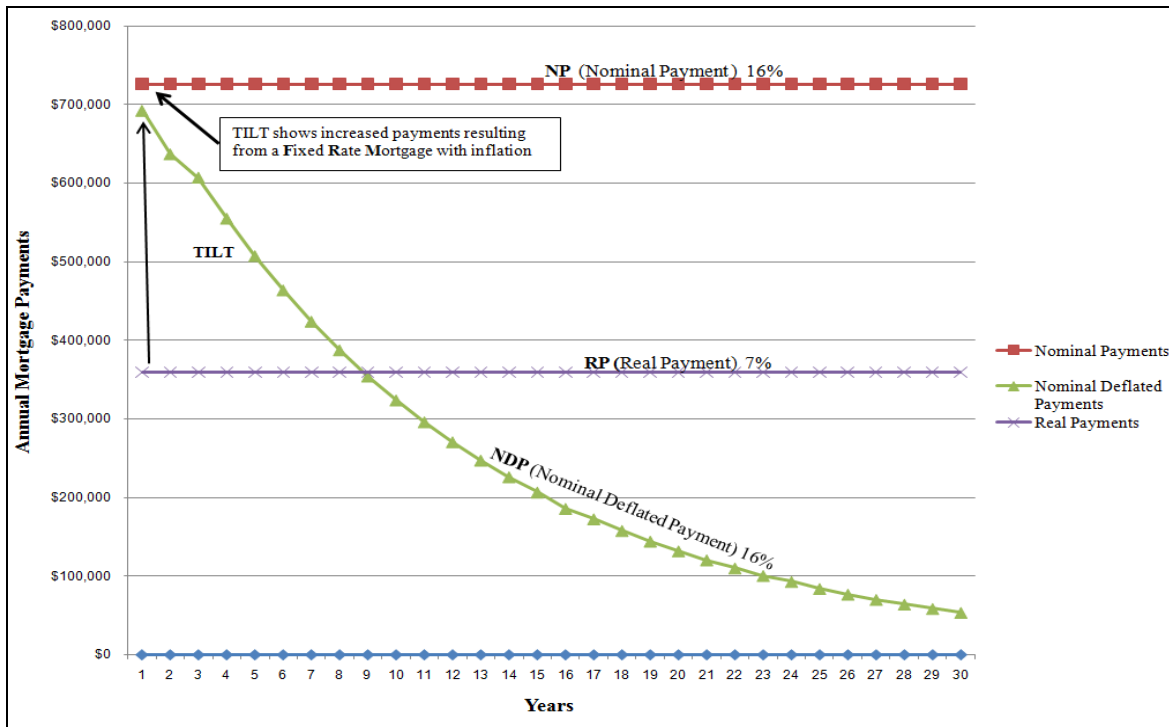


Figure 1.1: Nominal Payments of an FRM Mortgage

Source: UTECH/SALISES STUDY 2009

6. The addition of 9 per cent inflation to give a nominal rate of 16 per cent shifts, the monthly payment significantly upward to \$61,749 and the qualifying income to \$185,000 - \$245,000. The payment is represented by the horizontal line Nominal Payment (NP). The qualifying income is more than doubled as a result of inflation, under the FRM.
7. The high initial payment constitutes a premium that is charged in the early years of the loan called the TILT, which compensates for the reduced real value of the constant mortgage payment in the later years of the loan. The convex line Nominal Deflated Payment (NDP)

illustrates the effect and explains why the high initial rate required by FRMs excludes such a high percentage of borrowers. Nonetheless, the high initial rate is the mechanism by which the real value of payments under the NDP curve approximates the value under the RP curve.

8. The problem of inflation's impact upon mortgages attracted international attention beginning in the 1970s and resulted in several innovative mortgage systems including the Graduated Payment Mortgages (GPM) that were used successfully in Jamaica from 1975 - 1995. Other innovations included the Dual Indexed Mortgage (DIM) which allows mortgage payments to increase according to a wage index, but also allows mortgage balances to increase with inflation. Both innovations contained fundamental flaws. GPMs fault was negative amortization through accrual of unpaid interest in the early years, which presented both accounting and social issues. GPMs were also indeterminate as to years of completion, since the rate of graduation depended upon uncertain rates of increase in income and were consequently difficult to price in a SMM. Dual Indexed Mortgages suffered real problems when wage indices and inflation diverged significantly, and led to the collapse of several banks in countries employing the method, for example *Mexico: The Tequila Crisis 1994 - 1995* (Pill, 2002).
9. It was not until 1998 that the World Bank, IDB and the Mexican authorities developed and successfully implemented a variant of inflation adjusted mortgages called Capped-Price Level Adjusted Mortgages (C-PLAM). This method adequately addressed the risks associated with inflation adjusted mortgages. The C-PLAM shares risk between borrower and lender. The borrower's risk is limited to a rate consistent with an expected rate of wage increases as determined by the country's wage negotiating culture, for example Memorandum of Understanding (MOU) between employers and employed. The mortgage is prime, not sub-prime, as it is rooted in contractual wage agreements and underlying economic conditions. The lender's risk is limited by charging the borrower a premium in excess of the real rate. This premium is deposited in an investment fund where it earns best available returns. In Jamaica's short-term market, a net yield of 15 per cent is assumed in the example.
10. The borrower's loan balance is periodically adjusted to reflect actual inflation (with computers, this period may be any length, even fortnightly as is done with the UDI, Mexico's inflation linked mortgage) and is amortized over the remaining period of the

mortgage on each occasion. The borrower's payment is combined with the yield upon the investment fund. The "excess spread" of the investment fund combined with the mortgage payment results in accelerated amortization, if inflation falls in line with the borrower's CAPPED rate of payment increase. Figure 1.2 indicates that the 30 year mortgage would be repaid within 17 years under the stated assumptions and is consistent with results obtained where the method has been applied. The extent of unexpected inflation insurance coverage provided by the premium fund is determined by calculating the IRR of the undistributed accumulated premium fund at 30 years. This calculation, which yields an IRR of 40 per cent, indicates that, even at rates of annual inflation significantly in excess of the average experienced since liberalisation (8 per cent – 10 per cent), the fund would be more than adequate to repay the lenders over the 30 year mortgage period. With experience, the expected surplus of the mortgage fund may be capitalized, just as a municipality may capitalise future property taxes, and used to help finance social housing.

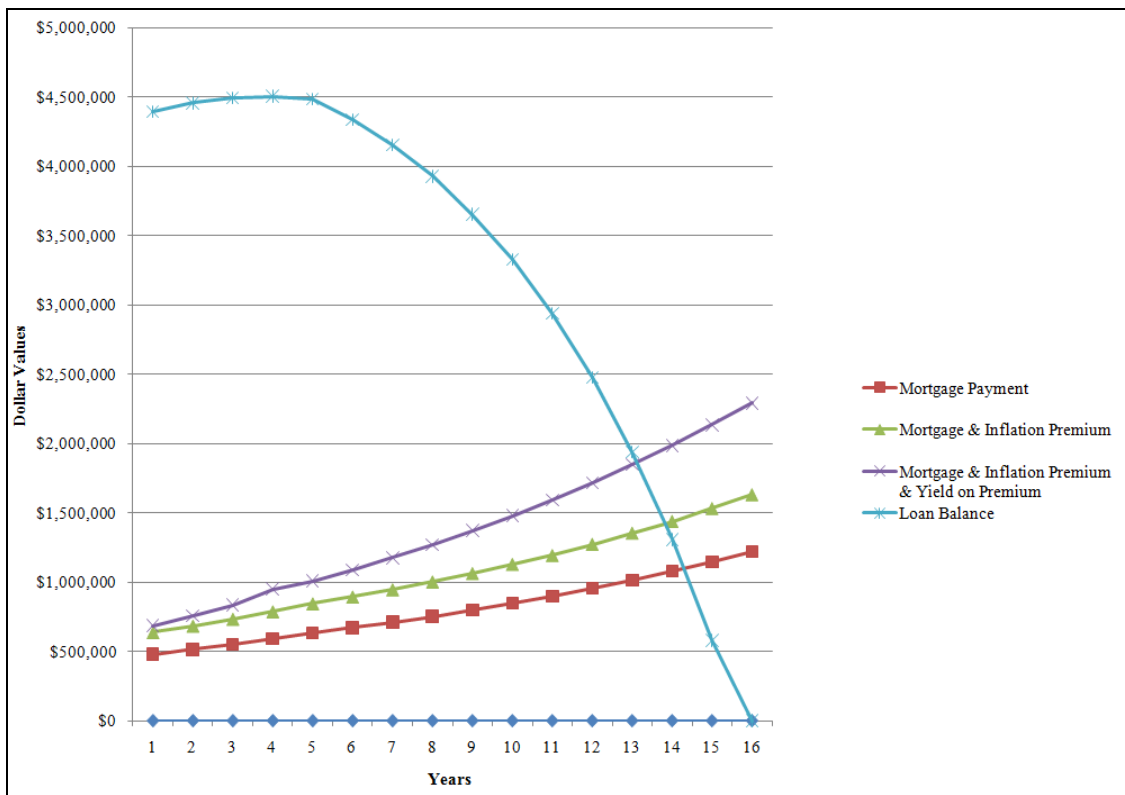


Figure 1.2: C-PLAM Mortgages

Source: UTECH/SALISES STUDY 2009

Notes to C-PLAM Mortgages

1. Mortgage will be paid off by the 16th year, if inflation is maintained within the CAP of 7 per cent, being paid.
2. Mortgage will be extended beyond the 16th year if inflation forces withdrawal from insurance fund.
3. Mortgagor is liable to pay for up to 30 years, at CAPPED inflation mortgage payment rate to compensate for excess inflation above the CAP.
 11. Because the C-PLAM grants increased loan amounts secured by the appreciating inflation adjusted property value, the loan to value ratio is of special concern to lenders. However, international house price values outpace inflation over the long term, notwithstanding temporary issues confronting countries that misallocated their housing investments. Additionally, the cumulative impact of the investment fund significantly accelerates the reduction in the loan to value ratio during the amortization period.
 12. In sum, the impact of C-PLAM upon affordability is to significantly reduce the qualifying incomes for housing compared with FRMs. The risks of its use are manageable and it has been successfully deployed in other jurisdictions subject to comparable inflation to Jamaica's. The simple model illustrated has also been tested using Monte Carlo (Probabilistic) Simulation and has produced similar results, confirming the findings of the World Bank that C-PLAM is a suitable tool to combat moderate to high inflation. Hyperinflation is a different matter that is not envisaged in this analysis.

C-PLAM also produces attractive market yields to the lender. In Mexico, where the C-PLAM is extensively used, yields on Borhis (Mortgage Bonds) fall within 2 per cent of Treasuries. Thus C-PLAM mortgages potentially create a major asset class that can foster the development of a competitive Secondary Mortgage Market as a source of additional funds for Jamaica's housing. C-PLAM implementation requires close Government and Private Sector collaboration, but its potential benefits are so large as to make this innovation one of the prime objectives of the housing policy.

- **Affordable Shared Equity Mortgages**

Affordability is fundamentally a relationship between payments over time, which are discounted at a nominal interest rate (NDR) to yield a value (NPV). The previous section analysed the structure of Nominal Rates, isolated (F) the inflation component, and utilised an

approach which ameliorated limits upon affordability which artificially arise from FRMs method of determining mortgage payments independently of the changes in income which are auto-correlated with inflation. In sum, it eliminated the fundamental flaws of FRMs which were not designed to cope with inflationary conditions.

Jamaica's very low incomes however, demand every complementary innovation to further improve affordability and the opportunity to create prime marketable mortgages that can be financed through a SMM. The major frontier remaining to be crossed is to create a market for direct investment in housing as an asset, by financial markets, or by Government and International institutions. Limited attempts have been made by Jamaica's Building Societies to utilise a Shared Appreciation Mortgage (SAM). This involves granting a mortgage to a purchaser in the amount that his income can afford, but for the lender to retain an interest based upon the difference between the total value of the house and the mortgage. This proportion becomes the basis for profit sharing in the future when the house is sold at an appreciated value. Many variants of SAMs exist including some which allow the mortgagor to "staircase" (purchase increased shares) an additional percentage of ownership.

The SAM was never popular because of its illiquidity, since the HFI owned an asset that produced no cash inflow, and its capital appreciation could only be realised if the house were sold. It is against this background that the Shared Equity Mortgage has been advanced (Caplin et al, 2007). It is advocated by private HFI's which seek a liquid Equity Certificate that can be traded in a SMM, based upon the value of the underlying asset (Whitehead, 2007).

Shared Equity is also utilised by Municipalities and NGOs as an optimal instrument in which to invest social capital in housing. This approach enables sub-median purchasers to access better quality "affordable housing" based upon their ability to pay, but withholds, for future generations, rights to the remaining value of the property. The public interest in such housing is typically vested in a Community Land Trust which owns the land in perpetuity and leases to a Mutual Home Ownership Trust (MHOT) which undertakes development, using competent contractors and professionals. Purchasers buy an equity interest in the MHOT through a mortgage upon the building which they occupy and which is based upon their incomes. Management of the MHOT is assigned to a Committee comprising mortgagors, civil society, and the professional managers representing the lenders. Such an approach would have assisted the NHT, as the lender, to retain an asset in the ICHP, which would appreciate and

could be recovered in the future from a market offer or by private treaty, in whole or part, with the occupants.

The Housing Policy embraces both C-PLAM and Shared Equity which in combination will have a profound impact upon affordability, but it also recognises that their implementation on a meaningful scale will be contingent upon the development of a replenishable source of funds as may be obtained in a SMM. These new mortgages are therefore medium term solutions. However, in the short term it is the potential yield of such instruments that must be demonstrated, as a prelude to building institutions and procedures to implement such policies.

- ***Affordable Mortgages Working in Combination***

The C-PLAM, Shared Equity, and the Mortgage Premium Fund operate in a complementary way to increase affordability whether promoted by an HFI investor or by a CLT/MHOT concerned with the social investment.

- The social housing approach entails the following:
 - (1) Providing a C-PLAM mortgage to the purchaser in the amount that he can afford.
 - (2) Establishing equity shares in proportion of the mortgage to total home value.
 - (3) Offering the balance of shares to the public in an IPO or holding them in a MHOT.
 - (4) Obtaining discretionary low interest mortgage finance, nationally or internationally. A major condition of such loans should be that the funds are raised using zero coupon bonds (interest and capital paid at maturity) as far as possible in order to maximize arbitrage opportunities between interest earned on short term investments compared with the cost of long term housing funds.
 - (5) The entire mortgage payments net of maintenance costs are invested in the mortgage premium fund as previously described. The investment would constitute a financial derivative that can be priced based upon expected yield.
 - (6) The expected surpluses that create value for the IPO are:
 - i. Surplus Cash Flow from mortgages after accelerated loan liquidation from proceeds of mortgage premium fund as described in C-PLAM.
 - ii. Appreciation in share value based upon house price increases.
 - (7) The surplus can be shared with the purchaser by the granting of additional shares from the publicly held portfolio.

- (8) The mortgagor may directly purchase publicly offered shares at any time that his circumstances allow.
-
- The private Shared Equity approach is fundamentally similar to the public, save and except that the opportunity to capitalize upon low interest discretionary funds through use of zero coupon bonds is less likely. The surpluses which form the basis for valuation of the SEM product are restricted to:
 - (1) Surpluses derived from the mortgage investment after liquidation of loans from the SMM.
 - (2) Appreciation of house values.

APPENDIX 7

SECONDARY MORTGAGE MARKET DEVELOPMENT STRATEGY

This policy summary indicates that:

1. Creation of a purely market model of long term housing finance through a Mortgage Liquidity Facility is useful as it can provide cheaper funds than are currently available to the market through private depository institutions which charge 14% - 16%.
2. However, such a model can only address the needs of the top 30% of income earners as interest rates of 10%-12% would still exceed those affordable to the majority of the population.
3. An alternative model is developed, which considers the impact of complementing market funds with low cost bilateral funds at 2%. It shows that these funds can succeed in reducing interest costs to a weighted average of 7% inclusive of loans to low income groups in the region of 4% – 5%. These rates would be affordable to the majority of the population and would greatly expand the range of the NHT as well as Building Societies.
4. Funds are available and can properly be included as an aspect of housing policy.
5. However, international borrowing involves foreign currency risks, for which the lender is normally indemnified by a guarantee. The Government is constrained by its fiscal responsibilities from providing further guarantees. Therefore, a method by which those risks can be perfectly hedged in housing by asset and liability management techniques normally employed by financial institutions is proposed.
6. Normal credit exposure is also addressed, using risk management techniques of financial institutions such as overcollateralization. However systematic credit risk, occasioned by culturally conditioned venal attitudes in some segments of the target population which may feel that housing is a political reward, must be addressed. Responsibility for such conduct has to be determined, and a method of measuring and indemnifying such risks established.
7. A method of generating subsidies from the expanded programme to create effective demand for the lowest income groups is also proposed.
8. Complementary measures such as land policy, physical development capability and policy for effective control of squatting are also noted, as they impact the rate at which the housing programme can be implemented.

1. JMB as the pivot of Housing Finance policy

The housing policy proposes that the JMB will become the principal supplier of affordable funds to Jamaica's housing market, by obtaining housing funds through an efficient and imaginative Mortgage

Liquidity Facility (MLF). This MLF will access local and international financial markets, and will attract discretionary funds to fill the gap that exists between housing need and all currently available sources. The immediate priority is to build institutional capacity to perform the required functions.

The following are the critical considerations: (**refer Schedule I**)

- a. Annual Funds required to finance a programme of 15,000 solutions are \$79.5b.
- b. Annual Funds to complete Squatter Redevelopment by 2030 are \$16.2b.
- c. The total finance capability of existing institutions (NHT, HFI, GOJ budget) is less than \$30b, while an estimate of informally funded housing is \$16b based upon historical rates of construction identified in the policy.
- d. Therefore, the annual requirement for additional funds is $\$95.7b - \$43.9b = \$51.8b$
- e. GOJ is constrained by IMF and fiscal considerations from increased borrowing although realistic prospects exist for low interest bilateral funds for housing.
- f. JMB currently functions essentially as an interim financier for middle/upper income housing but should shift its strategic focus to access long term finance as a Mortgage Liquidity Facility.
- g. A market oriented MLF which is able to satisfy prospective private and bilateral loan conditions with limited participation of Government is hereby proposed. Several such facilities are successfully operated in emerging markets; Hong Kong, Malaysia, Mexico, Chile, Colombia, Trinidad and Tobago as well as in the UK.

2. Mission

The JMB will be reconstructed as a Public-Private Partnership (PPP), with which major financial institutions such as the Building Societies and GOJ will form partnerships, and in which GOJ would retain a significant but minority interest. Its mission will be to provide Mortgage Liquidity Facilities to capable primary mortgage institutions in sufficient quantity and at affordable cost to enable the entire spectrum of housing solutions to be served. It will do so efficiently and profitably, and will minimize the level of Government support or intervention consistent with achieving its goals.

3. Structured Finance

The use of Structured Finance to provide adequate financial security for several classes of investors will enhance the potential of the bank to function without the necessity for a Government guarantee or for loans to be considered a potential Government liability. The objective of the structure is to create securities with credit ratings comparable with GOJ Treasuries and to promote professional risk management in planning and controlling risk in its asset and liability portfolios.

4. Mixture of market and discretionary funds

The reformed JMB will then be able to access market funds, making strategic use of the tax exempt status of its housing bonds, and low interest discretionary funds which may be obtained through bilateral or multilateral negotiations. The policy is formulated with knowledge of the significant potential favourable impact of low interest bilateral housing loans in lowering average interest costs, and hence, the capacity of the PPP to serve mass markets.

5. Illustrative Models

The profitability of the JMB operated as a Mortgage Liquidity Facility can be demonstrated. Several classes of investors can be combined in **Collateralized Mortgage Obligations**, using **Structured Finance** to; satisfy investment preferences of all classes of investors, produce affordable mortgages, and produce a profit for the bank. The market funded mix, which is compressed into a 10 year CMO offering for illustration is sensitive to the short term, risk averse preference of the local market and implies refinancing after 10 years to match funding with 20 or 30 year mortgage terms. The illustrative mix includes:

- a. Market funds (senior bondholders) such as that which could potentially be obtained from a \$50b offering which would entice investors seeking market interest rates and an early payout, say 5 years. Jamaican investors seek early returns, so many will be more favourably disposed to a 5 year as opposed to a 20 or 30 year instrument.
- b. Mezzanine tranches, of 7 years could be supported by both private capital and institutional loans.
- c. Bilateral loans as well as pension funds and insurance companies could provide longer term junior tranche loans of say 10 years.
- d. Equity calculated at 5% of total debt is also introduced. It is expected that HFIs and the GOJ will be the major participants.
- e. The IFC will be invited to participate to provide both funds at the mezzanine tranche and technical expertise in this structure.
- f. Credit risk, which is the potential difference between actual and contractual mortgage yield will be retained by the primary mortgage originators. However JMB will require the risk to be perfectly hedged by the mortgage originator through; over collateralization, mortgage guarantee insurance, and an excess interest rate spread at least equal to projected rates of default. Credit Default Swaps, a method by which credit risk is totally transferred to an agent for a fee, and would fit this situation, are as yet undeveloped in housing in Jamaica.

- g. Because the housing policy introduces new concepts, examples are used in accompanying Schedules to show in general terms, how the targeted results may be achieved.
- h. A stripped down 10 year market base is shown at **Schedule II** in the first instance. It employs a mix of market interest rates and assumes the benefit of JMB's tax advantage for the issue of tax free bonds. The average mortgage rate on the asset side is illustrated at 12%, while the liabilities are priced competitively at (tax free) 8%, 9%, and 10%, which are equivalent to pre-tax 12%, 13.5%, and 15% for several investor classes. These rates are priced to be competitive with Treasuries. Use of a "waterfall" of payments by which senior bonds are given priority in payments ensures early retirement, and enhanced security for these instruments.
- i. A second example introduces discretionary loans of 2% for the Class Z loans in the mix. It is assumed that these loans would have a weight of 50% of total loans. They will reduce average mortgage costs significantly. Their disadvantage is that they introduce foreign currency risk, as most of such loans are from multilateral or bilateral negotiations, and most seek a government guarantee.

Foreign Exchange Risk

The introduction of hard currency loans, as cited, introduces currency risk. Given the low expected interest rate cost of the loans (2%) and the comparatively high interest rates applicable to the Jamaican economy, a **money market hedge** is an effective way to mitigate the foreign currency risk, as an alternative to a Government guarantee. By agreement, a percentage of total hard currency funds would be retained for investment in money market instruments, and the yield would be used to protect against potential devaluation. Unit Trusts are the preferred investment vehicle, as their yields of approximately 15%, historically, are tax free and best fit the long term profile of housing investment. Private sellers of hedging instruments can be paid a fee to absorb residual risk as determined by Value at Risk or other internationally accepted risk measurements. Thus, if the low interest hard currency amount to be borrowed annually is J\$50.0b, then 25% of the total could be withheld for investment in local instruments. If the expected currency depreciation is 5% per annum then the following calculation applies:

Total Loan = J\$50.0b @ spot rate J\$88.3/US\$	
Interest Costs @ 2% = .02*J\$50.0b	= \$1,000,000,000
Expected Currency Depreciation @ 5%	= \$2,500,000,000
Total initial annual Costs	= \$3,500,000,000
Revenue	
Mortgage Proceeds @ 5% * \$37.5b	= \$1,875,000,000
Proceeds of Hedge Fund@15%*\$12.5b	= \$1,875,000,000
Total Revenue	= \$3,750,000,000
Surplus	= \$ 250,000,000

The matrices of the relationship can be appropriately adjusted to fit any other forecast of currency depreciation, and would be a formal part of the loan negotiations. By way of the phenomenon known as the “International Fisher Effect”, larger interest rate differentials between countries are associated with larger currency valuation differences, e.g. as seen in valuation of futures. Thus as local interest rates decline so does the currency risk that is being hedged.

Profitability

Even after adjustment to; narrower interest rate spreads and 20 – 30 year time periods, the Jamaica Mortgage Bank, as a result of the housing policy, will have the potential for adequate profits to attract Private Partners. This is indicated in the Schedules where a net present value of \$14.6b is calculated at a discount rate of 25% in **Schedule II.4** enclosed, for a structure which includes: 5, 12 and 20 year bond issues. The JMB will also have massive social value and, when restructured, will present an ideal basis for a successful PPP.

- j. Implementation will be guided by further study of success internationally and by technical assistance from IFC, in addition to locally available expertise.
- k. The HFIs and the NHT will experience unprecedented growth and profitability from the housing programme’s expansion. They will benefit from an increased market size and will experience decreased costs as their mortgage service infrastructure will be more intensively utilized by larger mortgage portfolios.

NHT

In order to sell mortgages feasibly in a SMM, the NHT requires a source of funds whose price is comparable to the average interest rate of 5% earned on its mortgage assets. Otherwise its portfolio would be sold at a discount proportionate to the difference between the interest rate

of its SMM liability and its assets. To illustrate, if the average period outstanding on current NHT eligible mortgages of, say, \$75b is 15 years, then NHT's average annual receipts on the portfolio would be \$7.23b p.a. while its payments would be \$11.01b if it borrowed in the market at 12%. By contrast, if the methods described in the 20 year project illustrated are used, inclusive of low interest bilateral loans, then SMM borrowing at rates comparable to interest rates earned on NHT's mortgage assets will become possible, and its expansion feasible.

HFIs

Private HFIs would be impacted by having access to SMM loans at rates below 12% which would significantly increase their market size as their current mortgage rates based upon depository funds are 14%-16%, and are unaffordable to major segments of the population.

- I. The objective to further review the policy and its implementation as well as to implement structural change to the JMB together with its relationship with primary mortgage institutions, inclusive of the NHT, will be achieved in the FY 2010 - 2011.

Affordable Primary Mortgages

Conduct detailed examination of, and gain acceptance by Public and Private Mortgage Finance Institutions of proposed new mortgage instruments defined in the housing policy. This will be accomplished by the end of 2011.

Operational Risks to viability of primary mortgage instruments

Recognize and plan to meet the greatest operational risks to the proposed expanded mortgage programme, namely;

- a. **The expectation of patronage** which leads to arbitrary non-payment by some beneficiaries. The objective is to maintain a delinquency rate for the new portfolio within the international norm of 2%. Economic risks, in contrast to patronage, can be measured and predicted in the valuation of mortgage portfolios and can be hedged
- b. **The persistence of extortion** on building sites which leads to artificially increased costs that militate against affordability.
- c. The objective to eliminate these counterproductive practices is long term and continuous, but the task of social and political (bipartisan) education, will commence in 2010. The co-operation

of Civil Society and the Joint leadership of Government, Opposition, and the Private Sector will be required to put adequate safeguards in place before any physical works are undertaken.

Key Statistics of the Housing Policy										
Schedule I										
Need/Supply	1982-2009	2011-2012	2012-2013	2013-2014	2014-2015	2016-2020	2021-2025	2026-2030	Total 2010-2030	
Basic Forecast of Housing Need		15000	15000	15000	15000	75000	75000	75000	75000	285000
Incremental Need Index(Housing backlog, Population Growth, urban redevlpmnt)		1	1	1	1	1	1	1	1	
Forecast of Housing Need		15000	15000	15000	15000	75000	75000	75000	75000	285000
Formal Supply Capacity		4000	4000	4000	4000	20000	20000	20000	20000	76000
	NHT	4000	4000	4000	4000	20000	20000	20000	20000	76000
	GOJ	4400	4400	1000	1000	5000	5000	5000	5000	25800
	HFI	1000	1000	1000	1000	5000	5000	5000	5000	19000
										0
Total Formal Supply Capacity without increase in current ceiling		9400	9400	6000	6000	30000	30000	30000	30000	120800
Estimate of Informal Supply if formal sector does not increase capacity		5600	5600	9000	9000	45000	45000	45000	45000	164200
Percentile Distribution of Total Need										
Upper Income	0.025	375								
Middle Income	0.275	4125								
Lower	0.7	10500								
Expected Unit Cost of Solutions										
Upper Income		15,000,000								
Middle Income		9,000,000								
Lower Income		3,500,000								
Initial Average Unit Cost of Solutions		5300000	5300000	5300000	5300000	5300000	5300000	5300000	5300000	
Cost Index		1	1	1	1	1	1	1	1	
Expected Average Unit Cost of Solutions		5300000	5300000	5300000	5300000	5300000	5300000	5300000	5300000	
Total Cost of new housing solutions		79,500,000,000	79,500,000,000	79,500,000,000	79,500,000,000	397,500,000,000	397,500,000,000	397,500,000,000	397,500,000,000	1,510,500,000,000
Squatter Relocation /Redevelopment			184,204,545	16,210,000,000	32,420,000,000	86,453,333,333	86,453,333,333	86,453,333,333	86,453,333,333	324,200,000,000
Total Housing Programme Development Cost		79,500,000,000	79,684,204,545	95,710,000,000	111,920,000,000	483,953,333,333	483,953,333,333	483,953,333,333	483,953,333,333	1,834,700,000,000
Memo US\$	J\$88/US\$	88	903,409,091	905,502,324	1,087,613,636	1,271,818,182	5,499,469,697	5,499,469,697	5,499,469,697	20,848,863,636
Finance										
	NHT	15,000,000,000	15,000,000,000	15,000,000,000	15,000,000,000	75,000,000,000	75,000,000,000	75,000,000,000	75,000,000,000	285,000,000,000
	GOJ	2,992,000,000	2,992,000,000	2,992,000,000	2,992,000,000	14,960,000,000	14,960,000,000	14,960,000,000	14,960,000,000	56,848,000,000
	HFI	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000	190,000,000,000
	Informal Housing Finance and Equity	16,000,000,000	16,000,000,000	16,000,000,000	16,000,000,000	80,000,000,000	80,000,000,000	80,000,000,000	80,000,000,000	304,000,000,000
	JMB									
	0.7 Market	24,855,600,000	24,855,600,000	24,855,600,000	24,855,600,000	124,278,000,000	124,278,000,000	124,278,000,000	124,278,000,000	472,256,400,000
	0.3 Instit. Loans	10,652,400,000	10,652,400,000	10,652,400,000	10,652,400,000	53,262,000,000	53,262,000,000	53,262,000,000	53,262,000,000	202,395,600,000
	Squatter Reloc./Redev.	0	184,204,545	16,210,000,000	32,420,000,000	86,453,333,333	86,453,333,333	86,453,333,333	86,453,333,333	324,200,000,000
Total Finance	Total	79,500,000,000	79,684,204,545	95,710,000,000	111,920,000,000	483,953,333,333	483,953,333,333	483,953,333,333	483,953,333,333	1,834,700,000,000

Source: UTECH/SALISES STUDY 2009

Schedule II. 1 CMO Offering Schedule II. I CMO Structure

Assets			Liabilities						
			Maturity Yrs	Coupon Rate	Issued	Weight	Wt.Av.Coupon		
Mortgages	105,000,000		Class A Bonds	5	0.08	50,000,000	0.4762	0.0381	
Interest	0.12		Class B Bonds	7	0.09	30,000,000	0.2857	0.0257	
Maturity	10		Class Z Bonds	10	0.10	20,000,000	0.1905	0.0190	
			Equity			5,000,000			
Total Assets	105,000,000					105,000,000	0.9524	0.0829	

Source: UTECH/SALISES STUDY 2009

Schedule II. 1 CMO Offering

Assets \$000				Liabilities \$ 000					
		Weight		Maturity Yrs	Coupon Rate	Issued	Weight	Wt.Av.Coupon	
Mortgages	Interest		Class A Bonds	6	0.08	20,000,000	0.1905	0.0152	
Class I	0.12	0.3571							
ClassII	0.06	0.5238							
Net Inv	0.075	0.1190							
Average Mortgage Interest	0.0743		Class B Bonds	12	0.09	30,000,000	0.2857	0.0257	
Maturity	20		Class Z Bonds	20	0.02	50,000,000	0.4762	0.0095	
			Equity			5,000,000			
Total Assets		105,000,000	Total Liabilities			105,000,000	0.9524	0.0505	

Source: UTECH/SALISES STUDY 2009

Schedule II. 2 Annual Cash Flows Into CMO Mortgage Pool

Period	Mortgage Pool 10 Year Term	Principal and Interest	Principal Amort.	Interest	Amount Owed
0.12 Fixed					
0	105,000,000.00				100,000,000.00
1	J\$99,016,662.76	J\$18,583,337.24	J\$5,983,337.24	12,600,000.00	J\$94,016,662.76
2	J\$92,315,325.06	J\$18,583,337.24	J\$6,701,337.71	11,881,999.53	J\$87,315,325.06
3	J\$84,809,826.83	J\$18,583,337.24	J\$7,505,498.23	11,077,839.01	J\$79,809,826.83
4	J\$76,403,668.81	J\$18,583,337.24	J\$8,406,158.02	10,177,179.22	J\$71,403,668.81
5	J\$66,988,771.83	J\$18,583,337.24	J\$9,414,896.98	9,168,440.26	J\$61,988,771.83
6	J\$56,444,087.21	J\$18,583,337.24	J\$10,544,684.62	8,038,652.62	J\$51,444,087.21
7	J\$44,634,040.44	J\$18,583,337.24	J\$11,810,046.77	6,773,290.47	J\$39,634,040.44
8	J\$31,406,788.06	J\$18,583,337.24	J\$13,227,252.38	5,356,084.85	J\$26,406,788.06
9	J\$16,592,265.39	J\$18,583,337.24	J\$14,814,522.67	3,768,814.57	J\$11,592,265.39
10	J\$0.00	J\$18,583,337.24	J\$16,592,265.39	1,991,071.85	J\$0.00

Source: UTECH/SALISES STUDY 2009

Schedule II. 2 Annual Cash Flows Into CMO Mortgage Pool

Period	Mortgage Pool 10 Year Term	Principal and Interest	Principal Amort.	Interest	Amount Owed
0.0743	Fixed				
0	92,500,000.00				92,500,000.00
1	J\$90,347,132.36	J\$9,024,296.22	J\$2,152,867.64	6,871,428.57	J\$90,347,132.36
2	J\$88,034,337.40	J\$9,024,296.22	J\$2,312,794.95	6,711,501.26	J\$88,034,337.40
3	J\$85,549,734.82	J\$9,024,296.22	J\$2,484,602.58	6,539,693.64	J\$85,549,734.82
4	J\$82,880,561.76	J\$9,024,296.22	J\$2,669,173.06	6,355,123.16	J\$82,880,561.76
5	J\$80,013,107.28	J\$9,024,296.22	J\$2,867,454.48	6,156,841.73	J\$80,013,107.28
6	J\$76,932,641.89	J\$9,024,296.22	J\$3,080,465.39	5,943,830.83	J\$76,932,641.89
7	J\$73,623,341.93	J\$9,024,296.22	J\$3,309,299.96	5,714,996.25	J\$73,623,341.93
8	J\$70,068,208.26	J\$9,024,296.22	J\$3,555,133.67	5,469,162.54	J\$70,068,208.26
9	J\$66,248,978.94	J\$9,024,296.22	J\$3,819,229.32	5,205,066.90	J\$66,248,978.94
10	J\$62,146,035.45	J\$9,024,296.22	J\$4,102,943.49	4,921,352.72	J\$62,146,035.45
11	J\$57,738,301.86	J\$9,024,296.22	J\$4,407,733.58	4,616,562.63	J\$57,738,301.86
12	J\$53,003,136.64	J\$9,024,296.22	J\$4,735,165.22	4,289,131.00	J\$53,003,136.64
13	J\$47,916,216.29	J\$9,024,296.22	J\$5,086,920.35	3,937,375.86	J\$47,916,216.29
14	J\$42,451,410.43	J\$9,024,296.22	J\$5,464,805.86	3,559,490.35	J\$42,451,410.43
15	J\$36,580,647.56	J\$9,024,296.22	J\$5,870,762.87	3,153,533.35	J\$36,580,647.56
16	J\$30,273,770.88	J\$9,024,296.22	J\$6,306,876.68	2,717,419.53	J\$30,273,770.88
17	J\$23,498,383.36	J\$9,024,296.22	J\$6,775,387.52	2,248,908.69	J\$23,498,383.36
18	J\$16,219,681.33	J\$9,024,296.22	J\$7,278,702.02	1,745,594.19	J\$16,219,681.33
19	J\$8,400,275.73	J\$9,024,296.22	J\$7,819,405.60	1,204,890.61	J\$8,400,275.73
20	J\$0.00	J\$9,024,296.22	J\$8,400,275.73	624,020.48	J\$0.00

Source: UTECH/SALISES STUDY 2009

Schedule II. 3 Cash Flows to Class A,B,Z Investors

ClassA INVESTOR					
Period	Balance at end of Period	All principal+ Class Z Interest	Coupon Interest	Total Payments	
0	50,000,000.00				
1	42,016,662.76	J\$7,983,337.24	4,000,000.00	J\$11,983,337.24	
2	33,115,325.06	J\$8,901,337.71	3,361,333.02	J\$12,262,670.73	
3	23,189,826.83	J\$9,925,498.23	2,649,226.00	J\$12,574,724.23	
4	12,121,668.81	J\$11,068,158.02	1,855,186.15	J\$12,923,344.16	
5	-	12,121,668.81	969,733.50	J\$13,091,402.32	
6	-	J\$0.00	-	J\$0.00	
7	-	J\$0.00	-	J\$0.00	
8	-	J\$0.00	-	J\$0.00	
9	-	J\$0.00	-	J\$0.00	
10	-	J\$0.00	-	J\$0.00	
		50,000,000.00	12,835,478.68	62,835,478.68	
Class B INVESTOR					
		All Principal+ClassZInt.	Coupon Interest	Total Payments	
0	30,000,000.00				
1	J\$30,000,000.00		0	2,700,000.00	
2	J\$30,000,000.00		0	2,700,000.00	
3	J\$30,000,000.00		0	2,700,000.00	
4	J\$30,000,000.00	J\$0.00	2,700,000.00	2700000	
5	J\$29,778,571.83	J\$221,428.17	2,700,000.00	2921428.169	
6	J\$16,012,867.21	J\$13,765,704.62	2,680,071.46	16445776.08	
7	J\$0.00	J\$16,012,867.21	1,441,158.05	17454025.26	
8	J\$0.00	J\$0.00	-	0	
9	J\$0.00				
10	J\$0.00				
		30,000,000.00	17621229.51	47621229.51	
ClassZ INVESTOR					
		Interest	Accrued Interest	Principal Alloc.	Total Payments
0	20,000,000.00				
1	22,000,000.00	2,000,000.00	2,000,000.00		
2	24,200,000.00	2,200,000.00	4,200,000.00		
3	26,620,000.00	2,420,000.00	6,620,000.00		
4	29,282,000.00	2,662,000.00	9,282,000.00		
5	32,210,200.00	2,928,200.00	12,210,200.00		
6	35,431,220.00	3,221,020.00	15,431,220.00		
7	27,164,295.23	3,543,122.00	-	J\$11,810,046.77	15,353,168.77
8	16,653,472.37	2,716,429.52	-	J\$13,227,252.38	15,943,681.91
9	3,504,296.94	1,665,347.24	-	J\$14,814,522.67	16,479,869.91
10	-	350,429.69	-	3,504,296.94	3,854,726.63
	19,649,570.31	23,706,548.45		43,356,118.76	

Source: UTECH/SALISES STUDY 2009

Schedule II. 3 Cash Flows to Class A,B,Z Investors

Class A INVESTOR		All principal+	Coupon	
Period	Balance at end of Period	Class Z Interest	Interest	Total Payments
0	20,000,000.00			
1	16,997,132.36	J\$3,002,867.64	1,600,000.00	J\$4,602,867.64
2	13,817,337.40	J\$3,179,794.95	1,359,770.59	J\$4,539,565.54
3	10,448,394.82	J\$3,368,942.58	1,105,386.99	J\$4,474,329.57
4	6,877,194.96	J\$3,571,199.86	835,871.59	J\$4,407,071.44
5	3,089,673.14	J\$3,787,521.82	550,175.60	J\$4,337,697.42
6	-	3,089,673.14	247,173.85	J\$3,336,846.99
7	-	J\$0.00	-	J\$0.00
8	-	J\$0.00	-	J\$0.00
9	-	J\$0.00	-	J\$0.00
10	-	J\$0.00	-	J\$0.00
		20,000,000.00	5,698,378.61	25,698,378.61
Class B INVESTOR		All Principal+ClassZInt.	Coupon Interest	Total Payments
0	30,000,000.00			
1	J\$30,000,000.00	0	2,700,000.00	2,700,000.00
2	J\$30,000,000.00	0	2,700,000.00	2,700,000.00
3	J\$30,000,000.00	0	2,700,000.00	2,700,000.00
4	J\$30,000,000.00	J\$0.00	2,700,000.00	2,700,000.00
5	J\$30,000,000.00	J\$0.00	2,700,000.00	2,700,000.00
6	J\$29,070,739.07	J\$929,260.93	2,700,000.00	3,629,260.93
7	J\$24,804,201.05	J\$4,266,538.02	2,616,366.52	6,882,904.53
8	J\$20,272,684.56	J\$4,531,516.49	2,232,378.09	6,763,894.58
9	J\$15,457,544.77	J\$4,815,139.79	1,824,541.61	6,639,681.40
10	J\$10,338,772.60	J\$5,118,772.18	1,391,179.03	6,509,951.21
11	J\$4,894,893.76	J\$5,443,878.84	930,489.53	6,374,368.37
12	J\$0.00	J\$4,894,893.76	440,540.44	5,335,434.20
13	J\$0.00			
14	J\$0.00			
15	J\$0.00			
16	J\$0.00			
17	J\$0.00			
18	J\$0.00			
19	J\$0.00			
20	J\$0.00			

Source: UTECH/SALISES STUDY 2009

Schedule II. 3 Cash Flows to Class A,B,Z Investors				
Class Z INVESTOR	Interest	Accrued Interest	Principal Alloc.	Total Payments
0 42,500,000.00				
1 43,350,000.00	850,000.00	850,000.00		
2 44,217,000.00	867,000.00	1,717,000.00		
3 45,101,340.00	884,340.00	2,601,340.00		
4 46,003,366.80	902,026.80	3,503,366.80		
5 46,923,434.14	920,067.34	4,423,434.14		
6 47,861,902.82	938,468.68	5,361,902.82		
7 48,819,140.88	957,238.06	6,319,140.88	J\$0.00	-
8 49,795,523.69	976,382.82	7,295,523.69	J\$0.00	-
9 50,791,434.17	995,910.47	8,291,434.17	J\$0.00	-
10 51,807,262.85	1,015,828.68	9,307,262.85	J\$0.00	-
11 52,843,408.11	1,036,145.26	10,343,408.11	J\$0.00	-
12 53,900,276.27	1,056,868.16	11,400,276.27	J\$0.00	-
13 47,620,365.91	1,078,005.53	-	J\$6,279,910.36	J\$7,357,915.89
14 41,214,857.34	952,407.32	-	J\$6,405,508.57	J\$7,357,915.89
15 34,681,238.60	824,297.15	-	J\$6,533,618.74	J\$7,357,915.89
16 28,016,947.48	693,624.77	-	J\$6,664,291.11	J\$7,357,915.89
17 21,219,370.55	560,338.95	-	J\$6,797,576.94	J\$7,357,915.89
18 14,285,842.07	424,387.41	-	J\$6,933,528.48	J\$7,357,915.89
19 7,213,643.03	285,716.84	-	J\$7,072,199.05	J\$7,357,915.89
20 0.00	144,272.86	-	J\$7,213,643.03	J\$7,357,915.89

Source: UTECH/SALISES STUDY 2009

Schedule II. 4 Payments to Bondholders				Equity Holders	
PAID to A	PAID to B	PAID to Z	TOTAL	Residual Cash	
				-	5,000,000.00
J\$11,983,337.24	2,700,000.00	0.00	14,683,337.24	J\$3,900,000.00	
J\$12,262,670.73	2,700,000.00	0.00	14,962,670.73	J\$3,620,666.51	
J\$12,574,724.23	2,700,000.00	0.00	15,274,724.23	J\$3,308,613.00	
J\$12,923,344.16	2,700,000.00	0.00	15,623,344.16	J\$2,959,993.07	
J\$13,091,402.32	2,921,428.17	0.00	16,012,830.48	J\$2,570,506.75	
J\$0.00	16,445,776.08	0.00	16,445,776.08	J\$2,137,561.15	
J\$0.00	17,454,025.26	0.00	17,454,025.26	J\$1,129,311.97	
J\$0.00	-	15,353,168.77	15,353,168.77	J\$3,230,168.47	
J\$0.00	-	15,943,681.91	15,943,681.91	J\$2,639,655.33	
J\$0.00	-	16,479,869.91	16,479,869.91	J\$2,103,467.33	
				IRR	69%

Source: UTECH/SALISES STUDY 2009

Schedule II. 4 Payments to Bondholders				Equity Holders	Investment			Total Cash
PAID to A	PAID to B	PAID to Z	TOTAL	Residual Cash	Net Cash From Investment Receipts @ 7.5%	Amortization Payment @2%	Net Fund Yield	Investment + Residual Cash
				- 5,000,000.00	- 12,500,000.00	- 12,500,000.00	- 12,500,000.00	
J\$4,602,867.64	2,700,000.00	0.00	7,302,867.64	J\$1,721,428.57	937,500.00	-J\$764,458.98	173,041.02	J\$1,894,469.59
J\$4,539,565.54	2,700,000.00	0.00	7,239,565.54	J\$1,784,730.67	1,007,812.50	-J\$764,458.98	1,772,271.48	J\$3,557,002.15
J\$4,474,329.57	2,700,000.00	0.00	7,174,329.57	J\$1,849,966.64	1,083,398.44	-J\$764,458.98	1,847,857.41	J\$3,697,824.06
J\$4,407,071.44	2,700,000.00	0.00	7,107,071.44	J\$1,917,224.77	1,164,653.32	-J\$764,458.98	1,929,112.30	J\$3,846,337.07
J\$4,337,697.42	2,700,000.00	0.00	7,037,697.42	J\$1,986,598.80	1,252,002.32	-J\$764,458.98	2,016,461.30	J\$4,003,060.09
J\$3,336,846.99	3,629,260.93	0.00	6,966,107.92	J\$2,058,188.29	1,345,902.49	-J\$764,458.98	2,110,361.47	J\$4,168,549.76
J\$0.00	6,882,904.53	0.00	6,882,904.53	J\$2,141,391.68	1,446,845.18	-J\$764,458.98	2,211,304.16	J\$4,352,695.84
J\$0.00	6,763,894.58	0.00	6,763,894.58	J\$2,260,401.63	1,555,358.57	-J\$764,458.98	2,319,817.55	J\$4,580,219.18
J\$0.00	6,639,681.40	0.00	6,639,681.40	J\$2,384,614.81	1,672,010.46	-J\$764,458.98	2,436,469.44	J\$4,821,084.25
J\$0.00	6,509,951.21	0.00	6,509,951.21	J\$2,514,345.01	1,797,411.25	-J\$764,458.98	2,561,870.22	J\$5,076,215.23
J\$0.00	6,374,368.37	0.00	6,374,368.37	J\$2,649,927.84	1,932,217.09	-J\$764,458.98	2,696,676.07	J\$5,346,603.91
J\$0.00	5,335,434.20	0.00	5,335,434.20	J\$3,688,862.02	2,077,133.37	-J\$764,458.98	2,841,592.35	J\$6,530,454.37
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	2,232,918.37	-J\$764,458.98	2,997,377.35	J\$4,663,757.68
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	2,400,387.25	-J\$764,458.98	3,164,846.23	J\$4,831,226.56
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	2,580,416.30	-J\$764,458.98	3,344,875.27	J\$5,011,255.60
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	2,773,947.52	-J\$764,458.98	3,538,406.49	J\$5,204,786.82
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	2,981,993.58	-J\$764,458.98	3,746,452.56	J\$5,412,832.89
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	3,205,643.10	-J\$764,458.98	3,970,102.08	J\$5,636,482.41
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	3,446,066.33	-J\$764,458.98	4,210,525.31	J\$5,876,905.64
J\$0.00	-	7357915.89	7,357,915.89	J\$1,666,380.33	3,704,521.31	-J\$764,458.98	4,468,980.28	J\$6,135,360.61
							NPV 25% =	J\$14,617,261.05

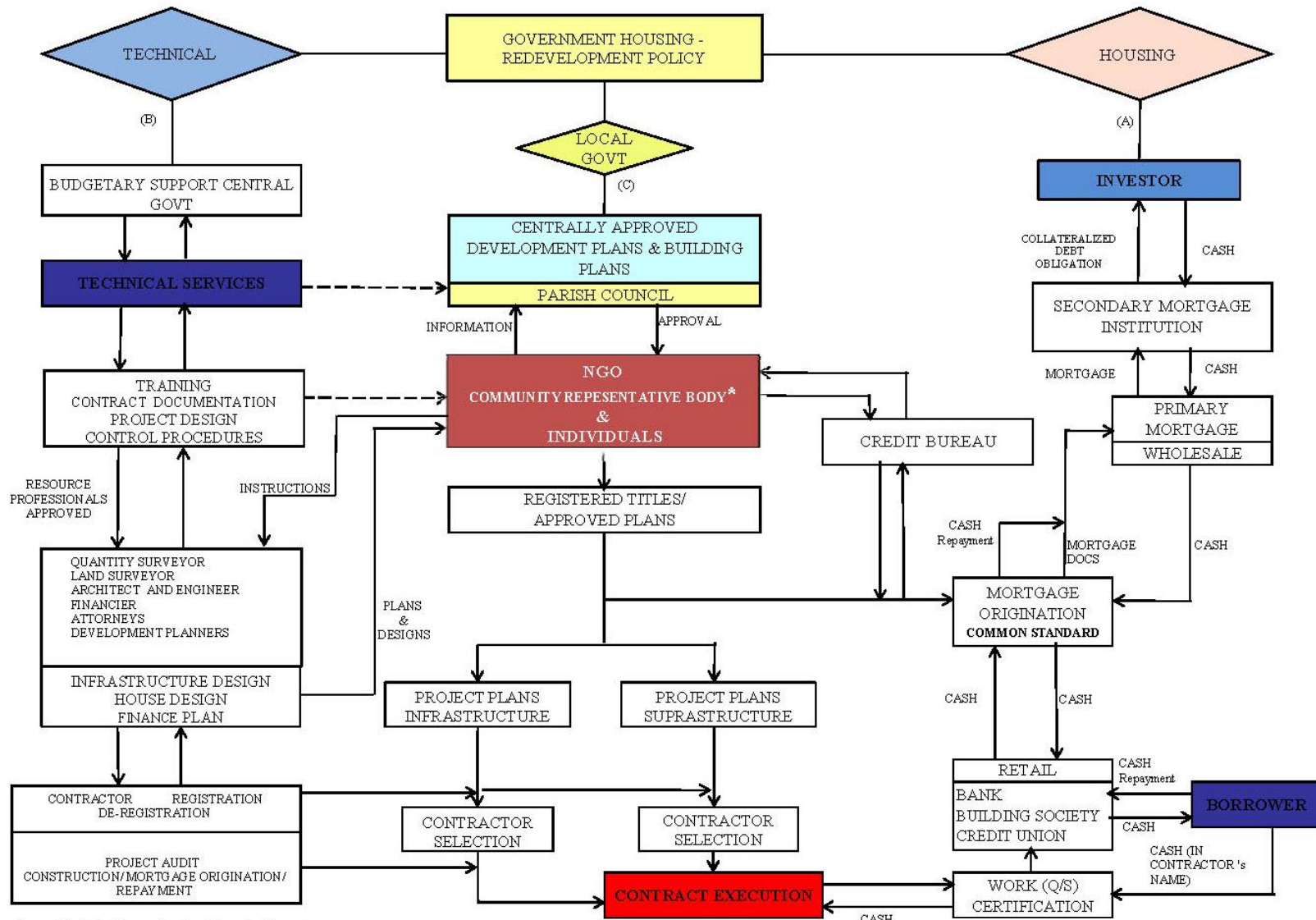
Source: UTECH/SALISES STUDY 2009

APPENDIX 8

MODEL OF MICROFINANCE FOR HOUSING DEVELOPMENT AND CONSTRUCTION

Sums = \$100,000 - \$3,500,000

Home Improvement to Build on Own Land



*Purchasers/ Industry/ Group Leaders/ Security Forces

Explanatory Notes for the Model of Microfinance for Housing Construction and Development

1. The Microfinance model comprises three sectors
 - (A) Finance
 - (B) Technical Support
 - (C) Project Execution
2. The model pivots around Project Execution (C), for which individuals or groups will be responsible – both in a legal sense via recourse to registered titles and operationally via responsibility for performance.

Government will be supportive by providing adequate staffing and related resources to Municipal Corporations to enable plans to be approved in a timely manner.

3. The individuals or NGOs will obtain Registered Titles for their plots, prepare plans and have them approved, and thereafter execute contracts with registered eligible contractors who will undertake the work, to completion, as shown in panel (C).
4. The pivot activity (C) is supported by (A) and (B). Technical Services (B) will be provided by Government approved Technical Teams comprising Land Surveyors, Architects & Planners, Engineers, Quantity Surveyors, Attorneys and Community Development Officers with appropriate support staff. They will earn their fees directly from work performed for Individuals and NGOs – but in the beginning Government may provide limited budgetary support via part proceeds of the SMM activity, to accelerate credibility.
5. The Technical Services Group will be responsible:
 - For providing training for NGOs & Individuals in; Contract procedures and documentation, project design and control and in legal and social responsibilities under contracts.
 - For providing line functions; Surveying, Attorneys, Design, leading to approved plans. Communities or Individuals will have the option of providing their own services to the prescribed standards and will eventually achieve this without assistance.
 - For maintaining a list of eligible contractors and will have authority to de-register non-performers. They will also monitor contracts by maintaining a central database of contract progress.

- For project audit which will be randomly performed but will be automatically triggered by any predetermined early warning “red flag”.
6. The Housing Microfinance will be conducted through a number of accredited (MFI) Microfinance Institutions, which will have access to the SMM to replenish their loan funds through appropriately originated mortgages. Borrowers’ credit will be ascertained via certified Credit Bureau and each MFI will be linked with accredited Debt Recovery institutions. The MFI will be responsible for keeping the system liquid by providing timely payment of duly authenticated certificates to the borrowers account with safeguards that automatically “pass through” payments to the accredited contractor. It is envisaged that the payment system will be electronically based. Repayment – via salary deductions, remittances or informal sector activity will be linked to a common database. It is also expected that the tax base will be expanded by the list of certified businesses and self-employed individuals.
 7. MFI’s are expected to possess their own deposit bases, as for example, the Credit Unions, but will be expected to leverage their deposits and or grant funds through their links with Microfinance Investment Vehicles (MIV) as outlined in Appendix 8 and panel 22 (Deutsche Bank).
 8. The model applicable to housing will be applied with suitable modification to companion employment generating activities for which possession of Registered Titles will be the preferred security⁷. In Jamaica’s sophisticated society the community bonds so influential in Grameen Bank’s use of unsecured loans, may be less effective. Observe the write-off ratio⁸ Brazil 52.51 per cent, Peru 10.54 per cent, Pakistan 7.14 per cent, where religion and other ethical influence maybe less effective.

⁷ DeSoto model

⁸ Deutsche Bank Report December 2007 Microfinance

APPENDIX 9

TYPES OF SUBSIDIES

Supply Side, Demand Side and Location Specific Subsidies

Subsidies must be evaluated according to their purpose, effectiveness and their cost. Subsidies are of two (2) generic types: (1) Supply Side and (2) Demand Side:

- **Supply Side**

Supply side subsidies are aimed at inducing producers to increase supply or to deliver output at a reduced price.

In Jamaica, Housing Supply Side subsidies include:

- Relief of developers from payment of Stamp Duty and Transfer Tax under the Housing Act. The taxes comprise 4.5 per cent and 5 per cent of house prices respectively
- Relief of HPPP partners with MWH from import duties on materials and equipment imported for the relevant projects
- Reduced land costs to the developer, sometimes at a peppercorn rate. This may apply to sale of Government's lands whether under HPPP or not.

- **Demand Side**

- Sale of land to (low-income) beneficiaries at reduced costs. Typically, these benefits are given to squatters as part of an upgrading programme.
- Non-recovery of Development Costs
 - Sometimes Government deliberately under prices development and does not aim at full cost recovery, generally aiming at a price which it estimates that consumers can afford.
 - More often the subsidy has been unintentional when the beneficiaries simply refuse to pay and after a few salutary visits of Government Officers, Government simply surrenders and writes off the balances on the basis that the costs of collection outweigh the value of the sums collected.
 - Recent experience of PRIDE projects include both elements of supply side subsidies to encourage communities to improve their infrastructure, and demand

side subsidies in the write-off of NHDC/HAJ balances when it became clear that management of both the delivery of physical infrastructure and of collection for cost recovery were ineffective.

- Interest Rate Subsidies are demand side subsidies, usually administered by a public financial institution such as the NHT, which obtains funds via payroll deduction from employees and calculates affordable repayments around 25 - 30 per cent of beneficiaries incomes. Interest Rate Subsidies are attractive as they can be efficiently and fairly administered in as much as beneficiary selection is concerned. The value of the subsidy can be measured as the difference between market rates charged by Banks and Building Societies currently or in the future and the actual rate charged to the beneficiaries. In the case of the NHT, a sliding scale of 2 per cent to the lowest group sliding to 8 per cent for the highest, currently applies.

Such schemes internationally, and NHT is no exception, tend to end up being inequitable as the value of benefits awarded to upper income groups far exceeds the value of benefits awarded to lower income groups. This has been confirmed by recent NHT Research which shows that persons with wages exceeding \$120,000 per month obtain 61 per cent of benefits while persons earning \$20,000 per month obtain less than 4 per cent of benefits - a **regressive** result unintended by the founding fathers, which needs to be corrected by policy changes. It is important to recall that \$16,000 per month is earned by 25 per cent of the population as identified by the UTECH/SALISES survey while 70 per cent earn less than \$40,000 per month.

- Other less direct finance demand subsidies include Government support for a secondary mortgage market to lower the average cost of market-based mortgage finance. The form of these subsidies may vary, from underwriting mortgage guarantee insurance or financial guarantee insurance or even to guarantee inflation indexed financial instruments. It is one of the objectives of this policy to introduce these indirect finance subsidies on a sufficient scale to encourage the rapid growth of the long term finance markets.
- Rent Restrictions are demand side subsidies designed to limit the amounts consumers are obliged to pay for accommodation and to avoid price-gouging by greedy landlords. Year to year allowable rent increases are determined by reference to a cost of living index. The problem has been that the cost of

construction, which has a high import content and is therefore highly sensitive to persistent currency devaluation, has risen far out of line with the general cost of living and incomes over the past quarter of a century. As replacement costs have risen, controlled rents have risen by substantially less, with the result that one object of policy, affordable rents to consumers, has worked adversely to another object of policy – obtaining an adequate supply of rented accommodation. Because policy has, in effect, asked the investor to bear the difference between affordable rents and replacement costs (that is the subsidy), the supply of rented accommodation in rent-controlled areas has dried up.⁹ Policy will level the playing field via Revised Regulation and will revive the rental market using consumer rental subsidies where necessary.

Location Specific Subsidies

1. As far as possible the principles of *Smart Growth*, emphasizing compact development with complementary mixed residential and commercial development, will be employed. This development pattern naturally creates opportunities for:
 - Differential pricing of similar units;
 - Land price appreciation especially in commercial areas;
 - Increase in property taxes based upon increased values;
 - Increased densities which make more efficient use of infrastructure and lower average cost.

The value created will be delivered as demand side direct consumer subsidies to increase effective demand of lower income groups within mixed developments.

2. Many situations, such as squatter settlements in Montego Bay and Ocho Rios, require retrofitting of infrastructure and housing on the grounds of Public Health and Environmental issues or to improve road access by Police, Ambulance and Fire Services

⁹ Nobel Economist Abraham Solow in Applied Economics predicts this result and supported his prediction with evidence of rental shortages all over the USA where Rent Restrictions apply.

to preserve public order. Traditionally, costs incurred are not fully recovered as the infrastructure has typically been priced to consumers at an average estimated value that they can now afford or no recovery is attempted.

Cost recovery in these circumstances is highly uncertain because:

- (a) Consumers very often feel that Government owes them some political obligation for which land and services are a reward, and are therefore not motivated to pay. They are often justified in this belief by the action of politicians, some of whom use housing benefits to gain votes.
- (b) They receive the subsidy, in total, upfront and the Government has little recourse in cost recovery as outsiders cannot be introduced and therefore repossession is pointless.

The solution to (a) is social and political, one in which Government is committed to establishing effective site specific community organisations, in keeping with the principles espoused by Habitat for Humanity's '*Cities without Slums*' which are capable of overcoming biases, and can integrate the goals of the community with the wider society.

The solution to (b) lies in valuing the land and services at market prices, and creating commensurate mortgages, but provide periodic cash refunds to beneficiaries whose receipt is contingent upon management of cost recovery and maintenance of facilities by each community organisation and the individuals within it. Special forms of tenure as reflected in Mutual Home Ownership Trusts will be required to give effect to this approach. Cost recovery is critical, as the large number of solutions required makes it necessary that funds expended revolve, and further, that they provide an actuarial basis to assess portfolio risk in determination of interest rates and eligibility of schemes for mortgages.

3. Shared Equity will be applied in low-income situations in which the beneficiary will obtain a percentage in proportion to his ability to pay while the balance which represents social investments will be retained by the mutual home ownership trust or other appropriately named entity. The beneficiary will have the opportunity to buy into the home ownership trust share in the property by making regular mortgage payments and surplus payments as he is able to afford.
4. Rent Restrictions

The Rent Restriction Act will be modified to create incentives for the supply of rental accommodation by private investors. Rental units will also be provided in special circumstances by the state, as part of social housing.

HOUSING SUBSIDY FUND

Essentially, formal agreement with Ministry of Finance regarding the method of creating subsidies proposed in the Housing Policy (refer to Schedule III) involves:

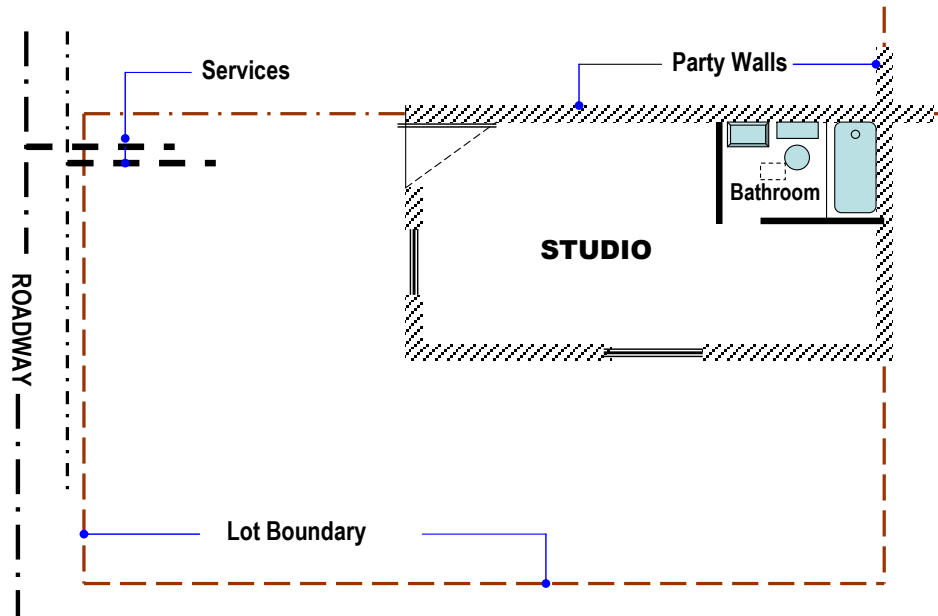
- a. Calculating the level of taxes that will be earned from the expanded housing programme.
- b. Calculating current tax levels earned.
- c. Identifying the difference between the two levels which represents an increment of taxes resulting from the housing programme.
- d. Dividing the increment equally between the housing programme, for the provision of housing subsidies, and the Consolidated Fund.
- e. Providing an estimate (\$25b or appropriately scaled sum) of expected of increased tax revenue annually as the basis for putative \$12.5b in subsidies.
- f. In this way, the funding of Social Housing and of Subsidies generally can have a rational basis for its accumulation.
- g. Its distribution will be addressed separately, based upon the principle of maximizing direct demand side subsidies, as stated elsewhere in the Housing Policy.
- h. The negotiations with Ministry of Finance will commence in 2010.

Schedule III										
Real Sector Subsidies										
	Rate									
Value of Taxes on the Housing Programme (A)										
Import Duties	0.1									
GCT	0.175									
Transfer Taxes	0.05									
Stamp Duties	0.025									
Property Taxes										
Contractor's Levy	0.02									
Any Others										
Total (A)	0.37	29,415,000,000	29,483,155,682	35,412,700,000	41,410,400,000	179,062,733,333	179,062,733,333	179,062,733,333	179,062,733,333	678,839,000,000
Value of Taxes at Current Production Levels (B)										
Import Duties										
GCT										
Transfer Taxes										
Stamp Duties										
Property Taxes										
Contractor's Levy										
Any Others										
Total (B)	0.37	10,357,040,000	10,357,040,000	10,357,040,000	10,357,040,000	51,785,200,000	51,785,200,000	51,785,200,000	51,785,200,000	196,783,760,000
Incremental Value of Taxes on the Housing Programme (A) - (B)										
		19,057,960,000	19,126,115,682	25,055,660,000	31,053,360,000	127,277,533,333	127,277,533,333	127,277,533,333	127,277,533,333	482,055,240,000
Proposed Share of Increment to be used for Subsidies	0.5	9,528,980,000	9,563,057,841	12,527,830,000	15,526,680,000	63,638,766,667	63,638,766,667	63,638,766,667	63,638,766,667	241,027,620,000
% Total cost of Programme		0.119861384	0.120011963	0.130893637	0.138730164	0.131497734	0.131497734	0.131497734	0.131497734	0.131371679

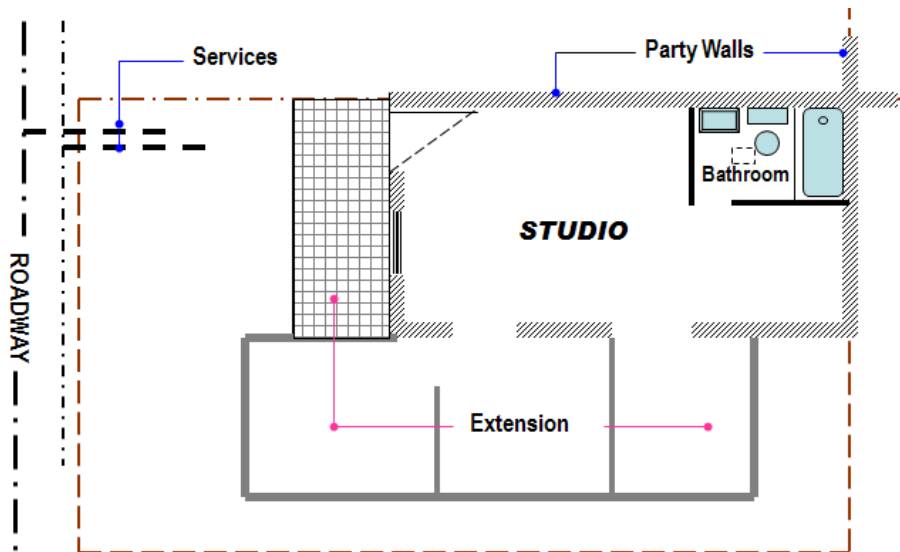
Source: UTECH/SALISES STUDY 2009

APPENDIX 10 INCREMENTAL HOUSING

These units are intended for low-income families. Houses would be constructed in such a manner as to allow expansion as family size and resources expand.



Basic Unit: [shelter space 200 sq. ft and lot size 24' × 42']



Expanded Unit

Source: *Towards A Shelter Policy and Strategy for Jamaica: UNCHS and UNDP 1997*

Schedule IV		2011-2012	2012-2013	2013-2014	2014-2015	2016-2020	2021-2025	2026-2030	Total2010-2030
Land Requirements of the Housing Programme									
	Total Need	15,000	15,000	15,000	15,000	75,000	75,000	75,000	285,000
	0.33 Rural	4,950	4,950	4,950	4,950	24,750	24,750	24,750	94,050
	0.67 Urban	10,050	10,050	10,050	10,050	50,250	50,250	50,250	190,950
10 units/acre	Rural	495	495	495	495	2,475	2,475	2,475	9,405
17 units/acre	Urban	603	603	603	603	3,015	3,015	3,015	11,457
	Total Acreage	1,098	1,098	1,098	1,098	5,490	5,490	5,490	20,862
	Squatter Redev.	7842	7842	7842	7842	39211	39211	39211	149000
	0.35	2,745	2,745	2,745	2,745	13,724	13,724	13,724	52,150
	10	274	274	274	274	1,372	1,372	1,372	5,215
Total Land for Housing Programme(Acres)		1,372	1,372	1,372	1,372	6,862	6,862	6,862	26,077

Source: UTECH/SALISES STUDY 2009

APPENDIX 12

SQUATTING

Squatter communities total 745; include approximately 600,000 people; and are estimated (see Schedule V) to cost \$16.2b per annum up to 2030 to be rehabilitated by redevelopment or relocation. In a severely constraint financial situation the immediate task is to develop a methodology to determine:

- a. Squatter affordability and repayment capability, therefore determining the recoverable and the subsidy components of the programme.
 - b. A priority order of rehabilitation of sites according to: social, economic, or security threat or opportunity.
 - c. A method to incorporate former squatters into urban renewal programmes as decanting policies have failed historically. Since squatters' livelihoods are dependent upon their location, they tend to return in the absence of incentives or coercion.
 - d. Priority order of delivery of services when there are financial constraints; potable water, sanitary sewage disposal, road access etc.
 - e. A procedure to ensure efficient, accountable, delivery of services and effective repayment compliance.
- The absence of these capabilities was the downfall of Operation Pride.

The process of developing an effective methodology will be complete by the end of 2011.

Schedule V Urban Renewal - Squatter Removal/Relocation/Redevelopment													
Settlement Distribution	Squatter Settlements	Squatter Population	Squatter Households	Unit Cost	Total Cost	2011-2012	2012-2013	2013-2014	2014-2015	2016-2020	2021-2025	2026-2030	Total2010-2030
				Average									
Kingst. & St. Andrew	108	86,400	21,600	3,500,000	75,600,000,000		3,780,000,000	3,780,000,000	7,560,000,000	20,160,000,000	20,160,000,000	20,160,000,000	75,600,000,000
St.Catherine	115	92,000	23,000	2,500,000	57,500,000,000		2,875,000,000	2,875,000,000	5,750,000,000	15,333,333,333	15,333,333,333	15,333,333,333	57,500,000,000
Clarendon	76	60,800	15,200	1,750,000	26,600,000,000		1,330,000,000	1,330,000,000	2,660,000,000	7,093,333,333	7,093,333,333	7,093,333,333	26,600,000,000
St.Elizabeth	26	20,800	5,200	1,750,000	9,100,000,000		455,000,000	455,000,000	910,000,000	2,426,666,667	2,426,666,667	2,426,666,667	9,100,000,000
Manchester	25	20,000	5,000	1,750,000	8,750,000,000		437,500,000	437,500,000	875,000,000	2,333,333,333	2,333,333,333	2,333,333,333	8,750,000,000
Westmoreland	64	51,200	12,800	1,750,000	22,400,000,000		1,120,000,000	1,120,000,000	2,240,000,000	5,973,333,333	5,973,333,333	5,973,333,333	22,400,000,000
Hanover	24	19,200	4,800	3,500,000	16,800,000,000		840,000,000	840,000,000	1,680,000,000	4,480,000,000	4,480,000,000	4,480,000,000	16,800,000,000
St.James	71	56,800	14,200	1,750,000	24,850,000,000		1,242,500,000	1,242,500,000	2,485,000,000	6,626,666,667	6,626,666,667	6,626,666,667	24,850,000,000
Trelawny	39	31,200	7,800	1,750,000	13,650,000,000		682,500,000	682,500,000	1,365,000,000	3,640,000,000	3,640,000,000	3,640,000,000	13,650,000,000
St.Ann	64	51,200	12,800	1,750,000	22,400,000,000		1,120,000,000	1,120,000,000	2,240,000,000	5,973,333,333	5,973,333,333	5,973,333,333	22,400,000,000
St.Mary	48	38,400	9,600	1,750,000	16,800,000,000		840,000,000	840,000,000	1,680,000,000	4,480,000,000	4,480,000,000	4,480,000,000	16,800,000,000
Portland	50	40,000	10,000	1,750,000	17,500,000,000		875,000,000	875,000,000	1,750,000,000	4,666,666,667	4,666,666,667	4,666,666,667	17,500,000,000
St Thomas	35	28,000	7,000	1,750,000	12,250,000,000		612,500,000	612,500,000	1,225,000,000	3,266,666,667	3,266,666,667	3,266,666,667	12,250,000,000
88 JS/US\$	745	596,000	149,000	-	324,200,000,000	20,000,000	16,210,000,000	16,210,000,000	32,420,000,000	86,453,333,333	86,453,333,333	86,453,333,333	324,200,000,000
Average Settlement		800			3,684,090,909	227,273	184,204,545	184,204,545	368,409,091	982,424,242	982,424,242	982,424,242	3,684,090,909

Source: UTECH/SALISES STUDY 2009

