



Caribbean Association of Housing Finance Institutions



The Montego Bay Declaration

of the

International Shelter Conference:

“Challenges of the Housing Market in the 21st Century”

Ritz Carlton Golf and Spa Resort
Montego Bay, Jamaica
29–30 May 2006

Overview

The *Caribbean Association of Housing Finance Institutions (CASHFI)* and the *Inter-American Housing Union (UNIAPRAVI)* in association with **USAID**, held the *International Shelter Conference* under the general theme "*Challenges of the Housing Market in the 21st Century*," on May 29-30, 2006, at the Ritz Carlton Golf and Spa Resort, Montego Bay, Jamaica.

The conference focused on two sub-themes.

- The first sub-theme of the conference was "*Global Market Developments and the Implications for Delivering Affordable Housing in the Future.*" This theme explored, how these developments will translate into cheaper and better loan funding, and also into cross-border investment opportunities given the harmonization of industry practices (e.g., underwriting standards, information sharing between countries, and credit databases) envisaged under the *Caribbean Single Market and Economy (CSME)*.
- The second sub-theme was "*Disaster Mitigation and Sustainable Shelter Development*". Experiences with disaster in the Caribbean were shared and best practices to minimize effect of disasters (e.g., strict adherence to sustainable housing standards and building codes) were promoted.

The conference brought together 59 participants, representing some 24 regional/international organisations from both the public and private sectors. The participants in the conference included a diverse group of (1) leading specialists in housing/housing finance, urban development, and disaster mitigation; (2) representatives of central and local governments, and public policy makers; (3) financial regulators, bankers, housing financiers, and business investors; and (4) professionals from Caribbean Basin countries, from countries that are members of UNIAPRAVI, and from the *European Federation of Building Societies (EFBS)*. The conference engaged the participants in active discussions on the key topics highlighted next.

Conference Highlights

The conference was structured around six sessions, each one focusing on a specific issue associated with the overall conference theme, and the two specific conference sub-themes. These sessions addressed the following issues:

- “*Globalization: Challenges and Opportunities.*” There was a presentation on the CSME, from the perspective of the *Caribbean Community and Common Market (CARICOM)*; one on developing housing finance, from the perspective of the *International Finance Corporation (IFC)*; a case study on the experiences of the EFBS; and a paper on funding perspectives of a housing lender, from the point of view of the Government Housing Bank in Thailand.
- “*Funding Strategies to Support the Mortgage Market.*” Presentations were made on best practice and role of the state in developing and funding mortgage market, from the perspective of the World Bank; on developing regional and specialized funding strategies for housing, from the perspective of an integrated practice / outreach / service / research / education academic center.
- “*Strategies to Improve Access to Housing, Given the New Market Environment*”. This was a panel discussion moderated by the Director of the *Sir Arthur Lewis Institute of Social and Economic Studies (SALISES)* at the *University of the West Indies (UWI)*.
- “*The Caribbean Experience.*” Presentations were made on the impact of natural disasters on housing and shelter, from the perspective of the *United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC)*; on the ground rules for safe housing, from the perspective of the work done in the Geology Department of the UWI; and on construction quality assurance as a risk reduction mechanism in the building sector in Grenada, from the perspective of the *Organization of American States (OAS)*.
- “*Selected Approaches to Risk Mitigation and Management.*” Presentations were made on mainstreaming hazard risk assessment, from the perspective of the *Caribbean Development Bank (CDB)*; the need for an action agenda to achieve tangible results, from the perspective of USAID; and the catastrophe risk insurance initiative for the Caribbean and Latin America, from the perspective of the World Bank.
- Finally, there was a panel discussion on the issue of “*Moving Ahead: Short and Medium Term Strategies,*” moderated by the Director of the *Center for Housing and Urban Development (CHUD)* of the College of Architecture at *Texas A&M University (TAMU)*. Representatives from the OAS, the CDB, USAID, UN ECLAC, ODPEM, and

UNIAPRAVI identified possible strategies and actions that need to be taken by all key stakeholders, to meet the challenges of the housing market in this century. Their conclusions are presented next.

The presentations, discussions, exchanges of ideas, and sharing of experiences highlighted some specific **problem areas** that need to be addressed in the development of effective and efficient solutions to meet the challenges of the housing market in the 21st century.

1. Poverty is a vicious cycle that needs to be broken. Many people who are born poor have, throughout their lives, limited access to education, healthcare, and jobs. The lack of opportunity weakens the social/economic infrastructure in which they grow and develop, and perpetuates this situation in their children.
2. The current institutional, industrial, and technological capacity to plan, finance, develop, and deliver housing solutions for the poor is clearly deficient.
3. Efficient mechanisms to ensure the affordability, sustainable, and safety of housing solutions are inadequate.
4. The public is not sufficiently aware of the housing challenges being faced. As a result, levels of advocacy for the development of solutions to face these challenges, and engagement in the development of these solutions, are low.
5. Weaknesses exist in planning, financing, development, and delivery of affordable, sustainable, and safe housing solutions, which result in a need for deliberate government enabling role in housing initiatives, programs, and projects, and in addition, a need to:
 - Understand that housing policies and the politics of housing are not the same, and need to be addressed separately and differently
 - Foster more active engagement of the private sector in housing initiatives, programs, and projects, through strong, transparent, trustworthy, reliable, and accountable governance
 - Actively engage, in a linked, coordinated, and integrated way, the main stakeholders from public and private sector organizations (i.e., government and industry), the main actors and players (i.e., commercial enterprises and the professional community), and the principal beneficiaries (i.e., individuals, families, and communities), in housing initiatives, programs, and projects
 - Improve the economic base of the lowest level of society
 - Look at housing from a systems perspective, and apply systems thinking in the development of solutions, particularly, in balancing the multiple and diverse dimensions of housing initiatives, programs, and projects
 - Ensure the value, quality, and performance of housing solutions through sound decision-making based on reliable data and information
6. In reducing the risk in, and vulnerability of, housing solutions, there is a need to:
 - Form a common regional unit to address reduction and mitigation of risk and vulnerability to natural hazards in housing, including the development of a source

- book of strategies and best practices, and associated training programs for awareness building and implementation
- Convene think tanks, strengthen networks, build partnerships, and facilitate the implementation of risk reduction initiatives that are contextually based and respond to the specific realities of countries
 - Develop assessment tools for establishing risks at a national level from an economic and financial planning perspective
 - Develop tools to evaluate trade offs between the cost of disaster assessments versus the cost of potential impacts and litigation
 - Follow up after a project receives approval on issues identified or addressed in the environmental impact assessment
 - Develop mechanisms for safe construction.

The conference also identified several **strategies and opportunities** to meet the challenges of the housing market in the 21st century. These include:

- Defining new urban planning and design solutions at different scales, from the complete city to specific neighborhoods
- Balancing the need for development with the need for best practices in risk management
- Developing new finance mechanisms for low-income housing to provide access to affordable, safe and comfortable housing
- Getting those who control financial resources to use the leverage to reduce natural and community vulnerability
- Developing and maintaining reasonable risk criteria for mortgage loans
- Balancing the roles of the government and the private sector
- Holding governments accountable for hazard litigation
- Making the construction sector accountable for the results of poor construction
- Developing the informal construction sector, including the implementation and application of standards in ways that are not punitive
- Developing innovative construction techniques and practices

Conference participants also identified several **areas of potential change** towards achieving the vision of affordable, sustainable, and safe housing:

- Get political leadership to understand that good shelter contributes to economic development, rather than treating it as a social good.
- Change the culture of financial institutions with small and incremental changes toward making enhancing the quality of life for the poor be one of their primary goals
- Make economies right, i.e., change the current approaches that are not working

- Increase the amount of economic resources available for the planning, financing, development, and delivery of affordable, sustainable, and safe housing for the poor
- Stop funding so many studies and rather, increase funding of pilot projects
- Link, integrate, and coordinate efforts to plan, finance, develop, and deliver housing solutions among all stakeholders
- Develop educational programmes on topics related to planning, financing, development, and delivery of affordable, sustainable, and safe housing
- Develop a legal framework for regulating and enforcing proper construction practices

At the conclusion of the conference, participants reached consensus on four pre-requisites to the development of effective and efficient solutions to meet the challenges of the housing market in the 21st century. These pre-requisites are specific calls for action that would help overcome the lack of clear definition and consistency in the role of government in each phase of the cycle of delivery of housing solutions; the lack of appropriate and sufficient government support; the embedded problems of corruption and abuse of power among stakeholders; the fragmented and disconnected approaches across the various phases of the cycle of delivery of housing solutions; the absence or lax application of codes and regulations; the lack of proper urban planning, specially in applying lessons learned; and the crumbling social infrastructure, eroding family values, and low levels of education. These pre-requisites are the basis of the **Montego Bay Declaration**.

The Declaration

The *Caribbean Association of Housing Finance Institutions (CASHFI)* calls upon the Governments, and the key public and private sectors stakeholders of the housing market in the Caribbean Region, to take the following courses of action toward the development of effective and efficient solutions to meet the challenges of the housing market in the 21st century:

... **First**, the alleviation of poverty, and the provision of affordable housing are inextricably linked. Governments, and stakeholders in the public and private sectors, must acknowledge this link and, that they must work together at local, national, and international and regional levels to pursue integrated solutions both to alleviate poverty and provide affordable housing for the most disadvantaged sectors of the population.

... **Second**, governmental and private sector initiatives to plan, finance, develop, and deliver housing solutions need to address formally, explicitly, and proactively, in an integrated way, the three dimensions of sustainability - environmental, social, and economic; and elimination, reduction, and mitigation of risk and vulnerability to natural hazards.

... **Third**, governmental and private sector housing initiatives cannot afford to continue following the same strategies, mechanisms, and processes that have been used to date. Housing initiatives for the 21st century require new approaches that are bold, innovative, systems based, and contextually sensitive, given the interrelationships, interdependencies, and complexity of the external factors affecting the delivery of housing solutions

... **And fourth**, the challenges of the housing market in the 21st century cannot be overcome by government officials, policy makers, regulatory agencies, finance institutions, community leaders, planners, architects, engineers, suppliers, builders, or end-users alone. Rather, overcoming these challenges requires and demands that all these stakeholders link, coordinate, and integrate their efforts as a single cohesive critical mass, pooling, leveraging, and sharing their resources, within local, national, and international regional public/private partnerships, in the pursuit of housing initiatives of common interest and benefit to all.

Signed, on behalf of all conference participants,

Antonio B. Mendoza (Dominican Republic)

CHAIRMAN

Joseph A. Bailey (Jamaica)

SECRETARY GENERAL

August 19, 2006