

Affordable Housing: A preliminary report

Data use: household survey

Data to be used: JSLC and Census, 2001.

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Affordable Housing

- Affordable housing is normally seen as housing targeted to the low and modest-income groups.
- The concern with affordability should also be guided by a policy objective that all Jamaican families be able to afford a decent home in a suitable environment.

Affordable Housing

- We may set two standard measures of the problem of affordability. The first based on households that spend more than 50 percent of their income on rent and the second where households spend more than 30 percent on rent
- What qualification standards mortgage companies set?

Affordable Housing

- While affordability is simply a way of measuring in monetary terms the relationship between people and housing, at a deeper level affordability expresses a link between the social and economic systems and the quest for the satisfaction of basic human needs that is not merely monetary.
- It is both the outcome and the source of tension, conflicts and contradictions. The housing affordability problem must be seen within the context of addressing the more fundamental poverty or income distribution problem.

What the data shows - 2008 household survey

- An Overwhelming majority of households made mortgage payments monthly. Mortgage from the NHT seem to favour individuals at the upper end of the income distribution. This is shown by the fact that 30.8 percent of households earning less than \$20,000 per month received NHT mortgage while 61.8 percent of households that earn over \$120,000 per month received NHT mortgage. In fact, the distribution of NHT mortgage shows those household that earn less than \$20,000 received 4.4 percent of mortgage issued by NHT, the lowest share compared with other income groups.

What the data shows

- This type of distribution is also seen for **Jamaica Mortgage Bank, Credit Unions and Jamaica Building Societies**. However, in the latter institutions, the distribution favoured the households in the middle income group, earning between \$64,000 and \$80,000. Only in two cases did the source of mortgage favour individuals that earn less than \$20,000 per month and these are MHW and Other.

What the data shows

- Individuals in the lower consumption distribution obtain their mortgages by themselves (singularly), the opposite is seen in the case of individuals in the upper end of the distribution. These individuals tend to obtain their mortgage jointly.
- This clearly has implications for the amount of resources that is available to them, the quality of housing that is accessible and possibly obtained at a subsidised price.

What the data shows

- While households at the upper end of the distribution of income were paying relatively less in mortgages and had greater access to subsidised mortgages they are paying larger amounts in rent.

Housing Quality

- Wealthier households not only access cheaper mortgages, they live in larger dwellings that are of better quality.
- Individuals at the lower end of the distribution were more likely to have immediate housing needs.
- The preference of all income groups was for detached housing units to satisfy their immediate housing needs.
- A significant number of households also suggest improvement on the existing homes as a means of satisfying their immediate housing needs.

End