

# PUBLIC PRIVATE PARTNERSHIP (HOUSING)

## PROSPECTUS

OPPORTUNITIES FOR HOUSING DEVELOPMENT IN JAMAICA

JULY 2016





**MINISTRY OF ECONOMIC GROWTH AND JOB CREATION**

**THE TOWERS**

**25 DOMINICA DRIVE**

**KINGSTON, JAMAICA**

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## FOREWORD

While urban areas worldwide are faced with their own unique mix of complex issues and problems, the financial challenges are invariably similar. Regardless of the level of economic development, the financing need for urban development projects is far greater than can be satisfied by the public purse alone. As a consequence, governments around the world are engaging in Public Private Partnerships (PPPs) as a means of financing large scale investments in affordable housing and other basic infrastructure.

Most countries have utilized some form of PPP for the provision of housing since the early 1990s. The level and success varies especially in developing countries however, there is sufficient documentary evidence of their potential to justify this approach and in fact, these partnerships have contributed significantly to lowering costs and increasing operating efficiencies for many types of urban development projects ranging from affordable housing to water treatment facilities and roads.

It is generally accepted that the linkages and multiplier effect inherent in the housing development process and the construction industry as a whole, is far too important to be ignored. In fact, when unlocked, it is one of the main drivers of economic growth and in the Jamaican context was once a significant contributor to GDP. However, between 2002 and 2014 the average number of housing starts and completions were only 3845 and 3954 respectively and when compared to the latest estimate of housing needs which is approximately 15,000 units per annum, shows that the declining performance of the housing sector. The government is committed to reversing this decline and given the fiscal constraints that it faces, will look to PPPs as one possible solution.

Hon. Dr. Horace Chang, M.P.  
Minister without Portfolio (Water, Works and Housing)  
Ministry of Economic Growth and Job Creation

## INTRODUCTION

Severe fiscal constraints have led governments in many countries to increasingly partner with the private sector to undertake large-scale investment projects. It would appear that these partnerships are now the primary means by which urban regeneration especially in the area of housing can be successfully achieved.

The use of PPPs for housing in Jamaica is not a novel concept. Since 1994, the government through the ministry with responsibility for housing has entered into some forty six (46) public private partnership (joint venture) arrangements which yielded approximately twelve thousand (12,000) housing solutions. The current approach will however see a revamping of the previous programme, in order to address a number of deficiencies that negatively impacted the outcome and to make the process more efficient and effective.

Past experiences with housing PPPs in Jamaica as well as an assessment of best practices internationally, point to the fact that choosing the right partner is one of the main factors that will enhance and optimize the success of a PPP project. This Prospectus is a first step in that process and its issuance provides a clear signal of government's commitment to a competitive and transparent process. This will ultimately lead to the attainment of its objectives in relation to: generating new investments in the housing sector, the provision of affordable housing and increased economic growth and development.

## **PURPOSE OF THE PROSPECTUS**

The private sector has always been able to satisfy the demand for the high and upper middle income segments of the housing market, which is considered to be a more lucrative investment. One of the roles of government therefore, is to ensure that housing solutions are provided for low to middle income earners.

This prospectus provides an overview of the PPP approach that will be utilized by the Ministry of Economic Growth and Job Creation as well as some general information on the properties that have been identified for immediate development under the programme. This is intended to make private developers aware of the available opportunities and significant benefits that can be derived from participating in low and middle income housing developments. It is geared at generating interests in the programme, which it is anticipated will eventually lead to successful and mutually beneficial partnerships with the government.

## **BENEFITS OF PARTICIPATION IN THE HOUSING PUBLIC PRIVATE PARTNERSHIP PROGRAMME**

The benefits to the government of engaging in Housing PPPs are clear. Broadly speaking, in a typical PPP the private partner provides financing for the project as well as assumes responsibility for the design and construction phases. Within the Jamaican context, Housing PPPs will enable the government to meet its objective of providing affordable housing without increasing the burden on the public purse while benefiting from the project management expertise of the private sector which ultimately leads to greater efficiencies and productivity.

The benefits of HPPPs are however not confined to the public sector and in fact there are significant investment gains that will accrue to the private sector partners. These include but are not limited to the following:

### **★ Financial**

Significant savings results from the land being provided by the government as a result of which the developer does not need to provide capital outlay for land acquisition either from equity or debt financing. If the lands were to be acquired through equity, interest payment or dividend payment would be lost and in the case of debt financing, the interest cost would lead to an increase in the development cost and possible reduction in profitability. There will also be savings from the costs associated with conveyance transactions namely stamp duty and transfer tax which are not applicable to developments undertaken by the Minister of Housing.

### **★ Time**

The project approval process will be facilitated by the government resulting in shorter turnaround timelines. This is important given the time value of money.

## OVERVIEW OF THE HOUSING PPP PROCESS

### Regulatory Framework

The HPPP process is undertaken within the framework of:

- The Housing Act
- The Housing PPP Policy
- The Government of Jamaica Procurement Guidelines

### The HPPP Process

The following provides an outline of the major steps that comprise the HPPP process:

#### Step 1 - Prequalification of Partners

This step will be used to identify potential partners. The criteria to be used to assess the developers will include but not be limited to the following:

- Track record
- Financial stability of company over a period of time
- Capacity (technical and operational)

#### Step 2 - Request for Proposals

Request for Proposals (RFP) will be sent to the potential partners identified in step 1. The RFP will detail the standards and specifications for the housing developments, the procurement methodology and the selection criteria for partners.



### Step 3 - Selection of Partners

The selection of partners will be twofold involving assessment of the potential partner as well as the project proposal.

The partners will be assessed based on factors to include:

- Number of projects being undertaken
- The qualification and experience of the technical team
- The ability to source (low cost) project financing

A developer can submit proposals for more than one site but each proposal must comply with the eligibility criteria and will be assessed on its own merits. The developer must also demonstrate the capacity to undertake multiple projects concurrently. Where multiple proposals are submitted and the assessment indicates that the developer only has the capacity to undertake one project, the most viable project will be selected.

The Project Proposal will be assessed based on factors to include:

- Viability
- Price point for the solutions
- The incorporation of low energy designs and solutions as well as the use of other green technology and sustainable methods of constructions

### Step 4 - Contract Negotiation and Signing

As determined by both parties

### Step 5 - Project Implementation (Including Marketing and Sales)

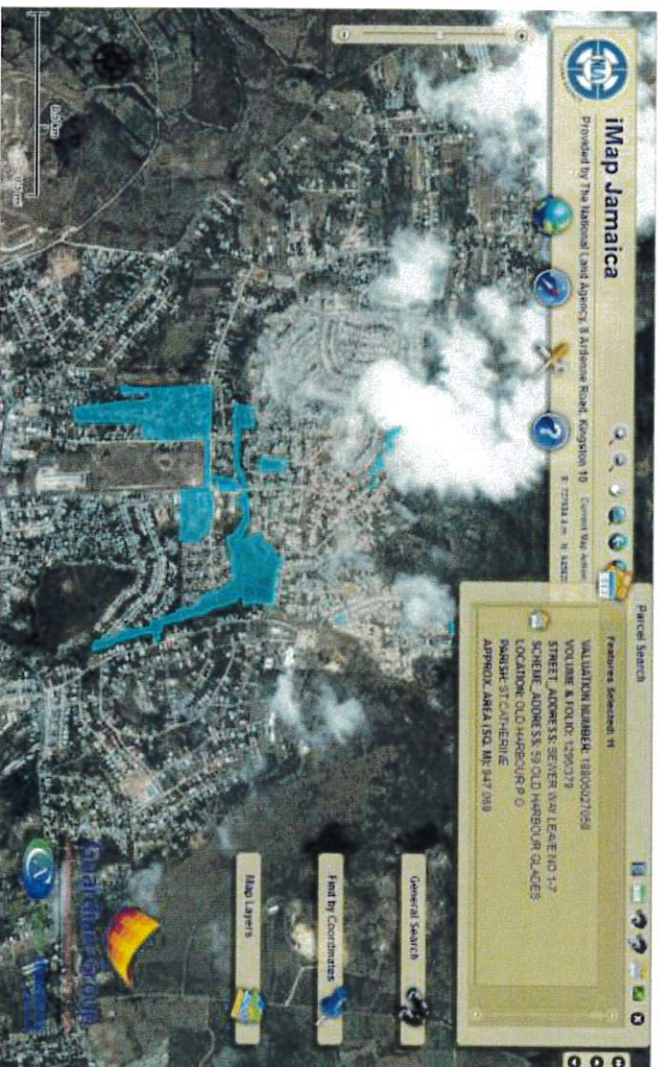
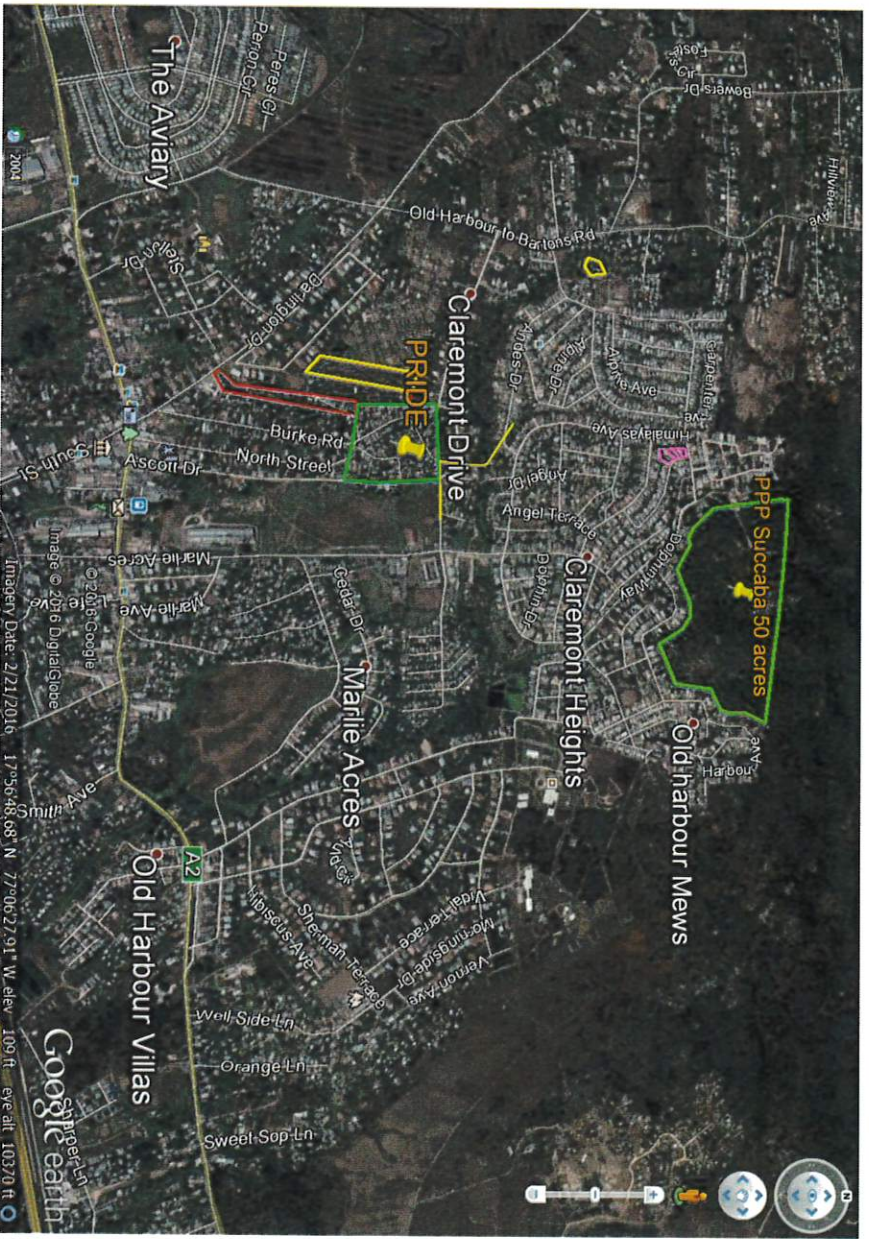
As defined by the contract.

#### Step 6 – Project Closure

- Final accounts
- Defects liability
- Close contract

# PROPERTIES TO BE DEVELOPED

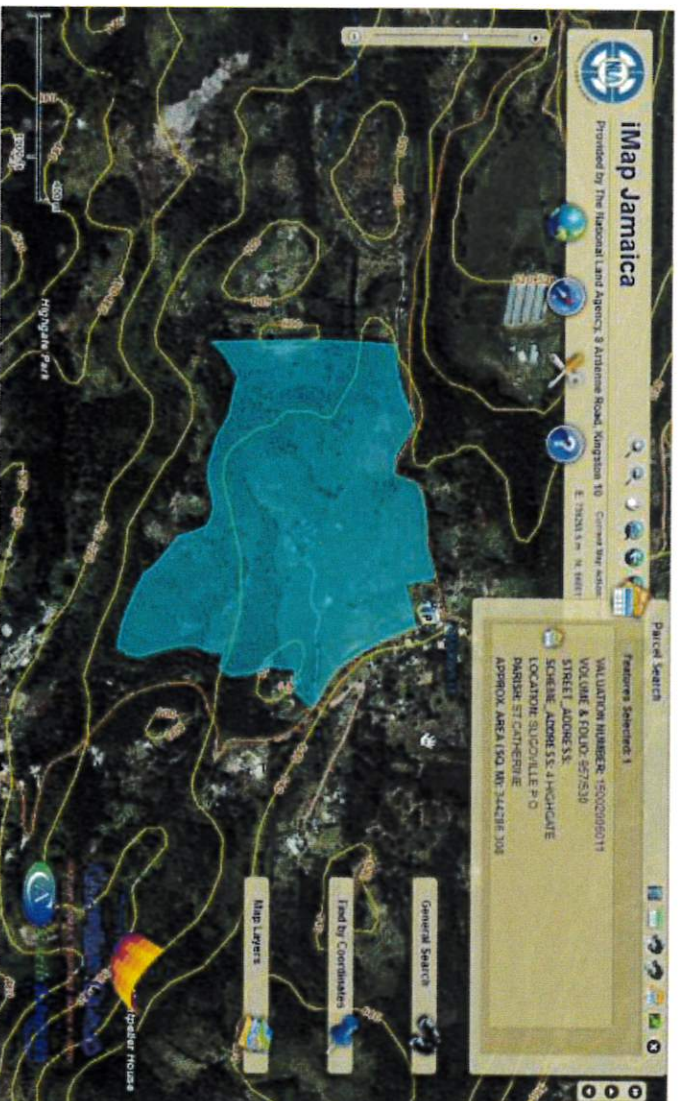
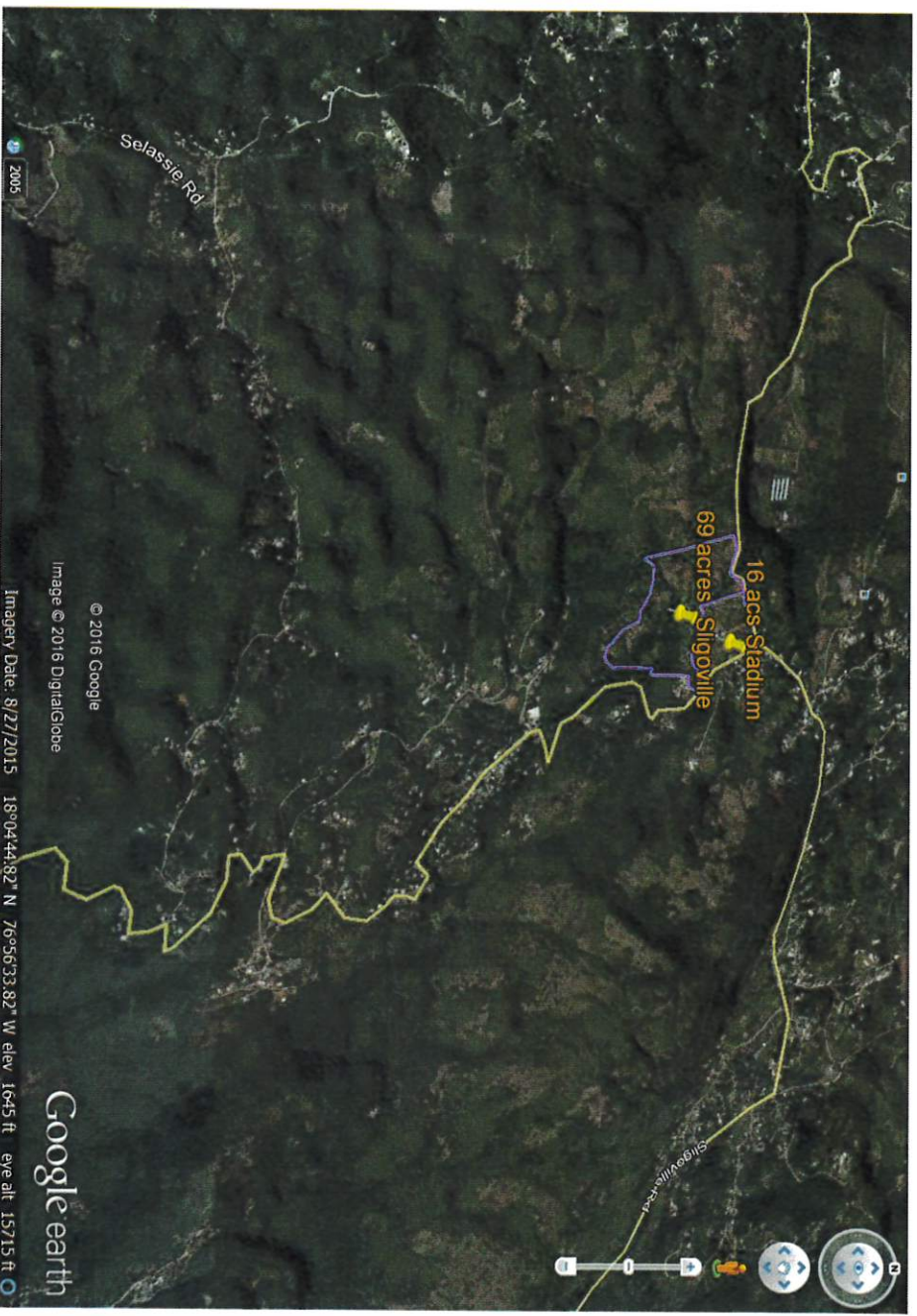
## 1. Succaba Pen





<b>Location:</b>	Old Harbour, St. Catherine
<b>Title Registration:</b>	Volume 1296 Folio 379
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	20.24 hectares
<b>Estimated Land Value:</b>	\$45.0M
<b>Description:</b>	The property is moderately sloping, above road level and partly rocky with low vegetation. It is located within a 5 mile radius of the Old Harbour Primary and High Schools, the Old Harbour Bus Centre and the Post Office.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure
<b>Development Potential:</b>	The property is suited for the development of serviced lots for low to middle income families.

## 2. Highgate Park and Great House



<b>Location:</b>	Sligoville, St. Catherine
<b>Title Registration:</b>	Volume 957 Folio 530
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	27.93 hectares
<b>Estimated Land Value:</b>	\$70.0M
<b>Description:</b>	The property is moderately sloping, above road level, undulating and covered with medium to heavy vegetation. It is located within a 5 mile radius of the Sligoville Mini Stadium and All Age School, a Police Station and a Great House.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system
<b>Development Potential:</b>	The property provides a panoramic view of the St. Catherine plains and is suited for the development of townhouses and/or serviced lots for middle to upper income families.



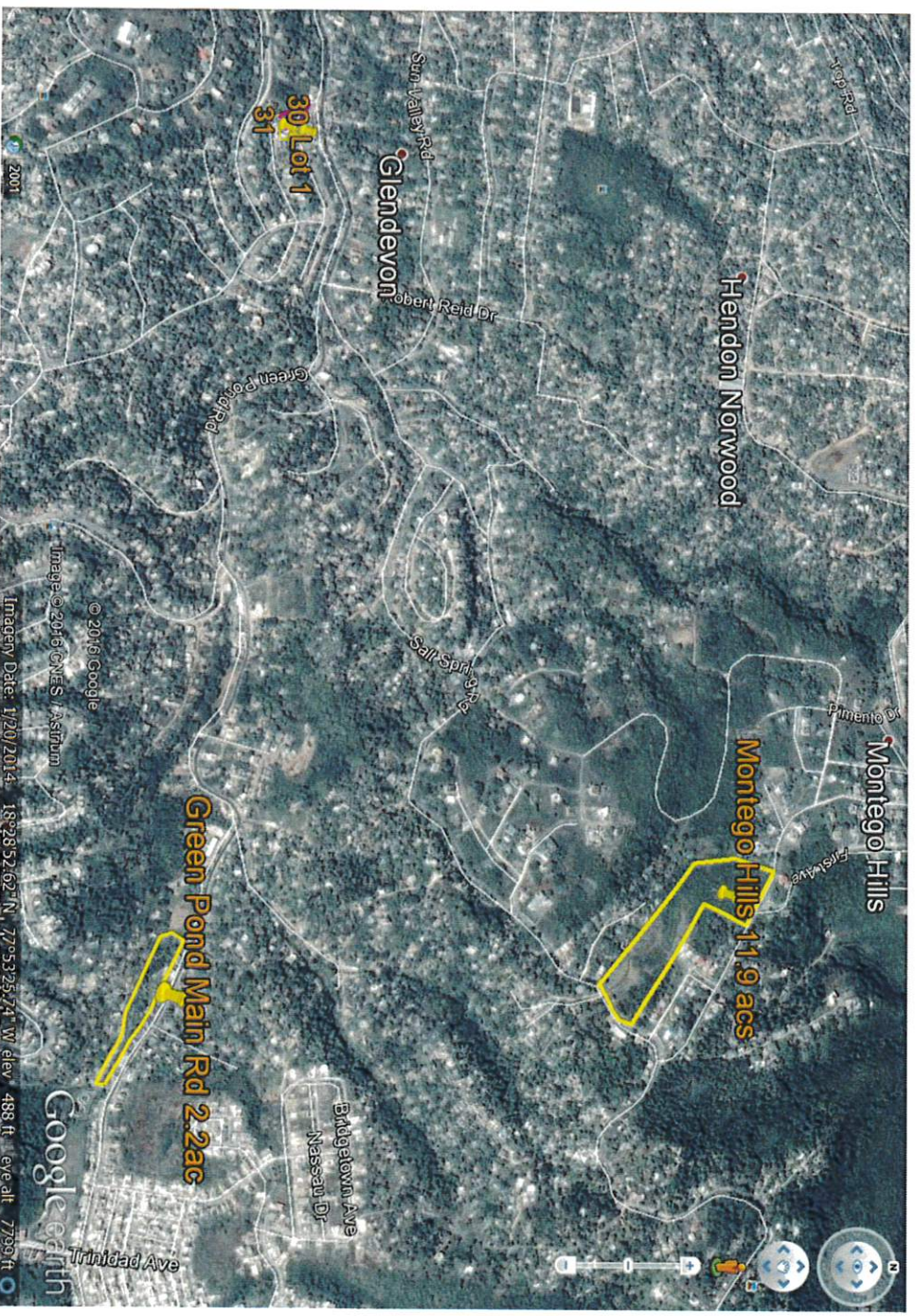
### 3. Shooters and Marley Hill





<b>Location:</b>	Hellshire Road, St. Catherine
<b>Title Registration:</b>	Volume 1384 Folio 49
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	63.55 hectares
<b>Estimated Land Value:</b>	\$400.0M
<b>Description:</b>	The property is moderately sloping, above road level and is covered with heavy vegetation. It is located within a 5 mile radius of a sporting complex, shopping centres, churches and public beaches.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system
<b>Development Potential:</b>	The property provides a panoramic view of Greater Portmore and is suited for a low to middle income development.

#### 4. Salt Spring (Montego Hills)



<b>Location:</b>	Adjacent to Montego Hills, approximately 5km of the city of Montego Bay, St. James
<b>Title Registration:</b>	Volume 614 Folio 25
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	4.85 hectares
<b>Estimated Land Value:</b>	\$18.0M
<b>Description:</b>	The property slopes moderately towards the Montego Hills Main Road.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure
<b>Development Potential:</b>	The property is suited for a townhouse development for middle income families.



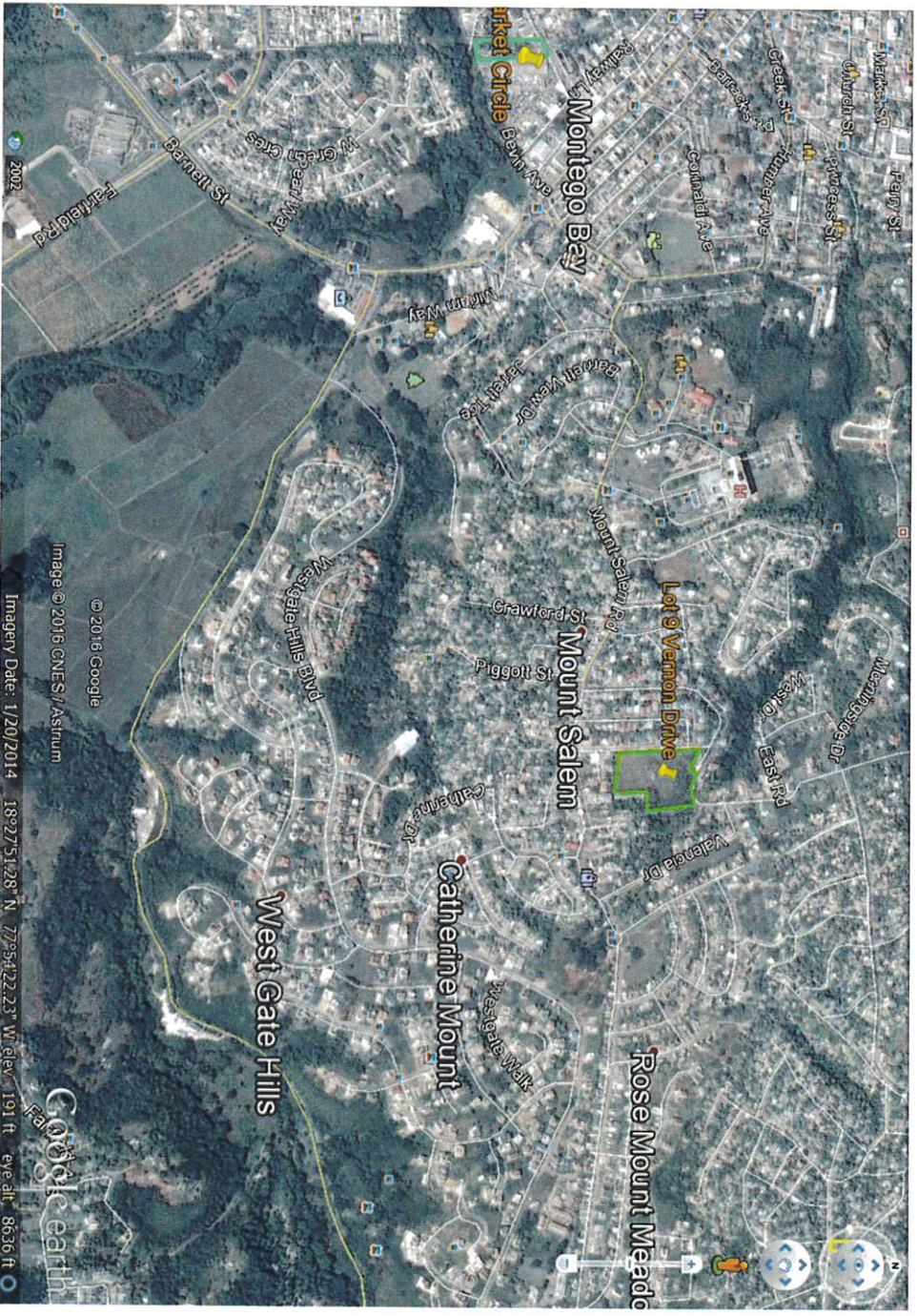
## 5. Providence





<b>Location:</b>	Ironshore, St. James approximately 10km from the Montego Bay Town Centre
<b>Title Registration:</b>	Volume 1354 Folio 434
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	29.95 hectares
<b>Estimated Land Value:</b>	\$70.0M
<b>Description:</b>	The property is moderate to steeply sloping above road level and it is heavily vegetated. It provides a panoramic view of the Sangster's International Airport and the Caribbean Sea.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure
<b>Development</b>	The property is suited for low to middle income development

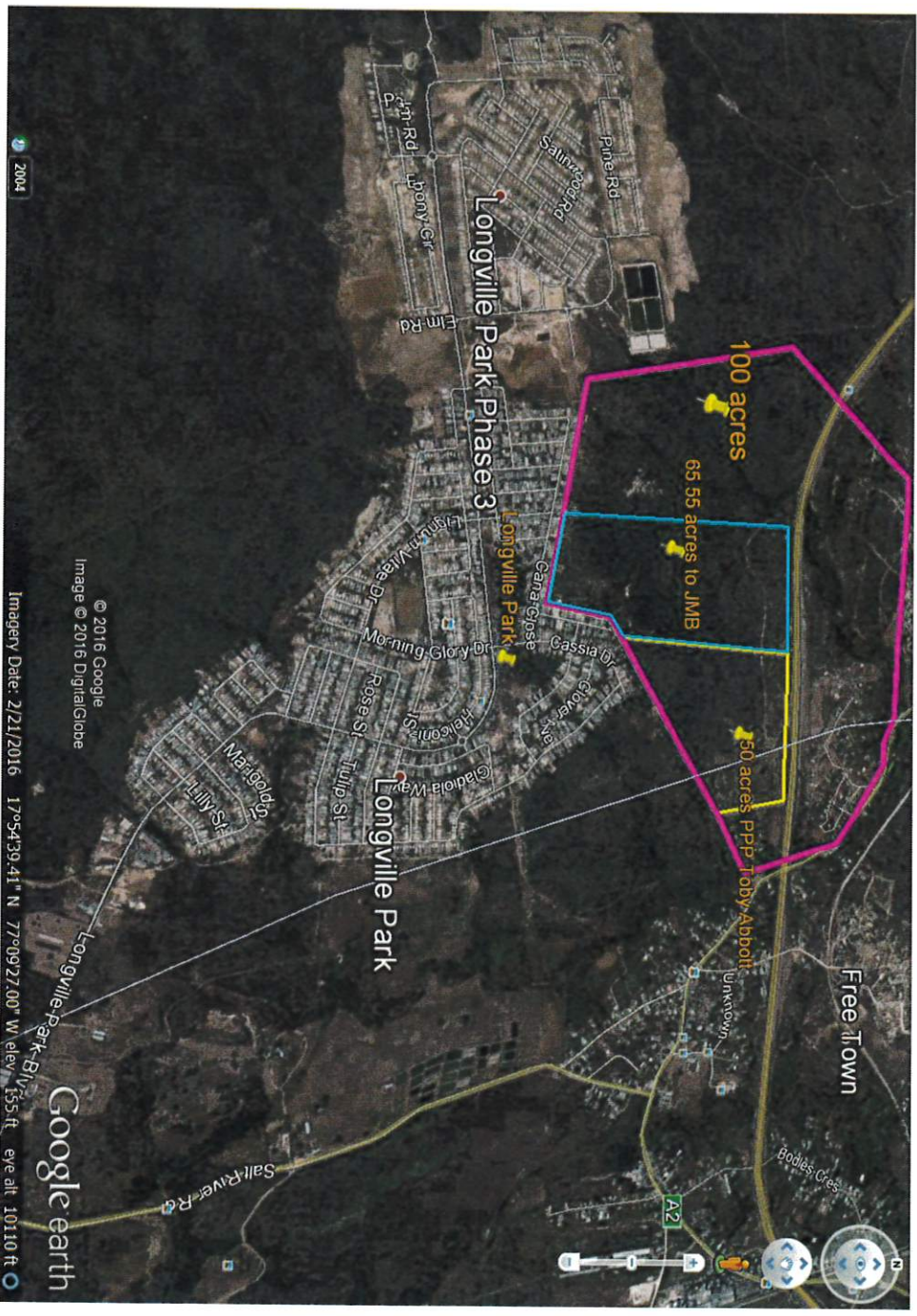
## 6. Lot 9 Rosemount



<b>Location:</b>	Vernon Drive off Mt. Salem Road in Montego Bay, St. James
<b>Title Registration:</b>	Volume 1435 Folio 196
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	2.6 hectares
<b>Estimated Land Value:</b>	\$14.0M
<b>Description:</b>	The property is moderately sloping in a north westerly direction and has minimal vegetation. It is within a 5km radius of the Montego Bay Town Centre, Schools Churches and a hospital.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure
<b>Development</b>	The property is suited for high density middle income development



## 7. Toby Abbott





<b>Location:</b>	Longville Park, Clarendon
<b>Title Registration:</b>	Volume 1146 Folio 663
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	20.24 hectares
<b>Estimated Land Value:</b>	\$50.0M
<b>Description:</b>	The property slopes gently towards the south. It approximately 12km from the town of May Pen and 1km from the entrance to Highway 2000 which facilitates a 45 minutes commute to Kingston.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure (water availability is a challenge and could result in delays in project implementation)
<b>Development</b>	The property is suited for low to middle income development

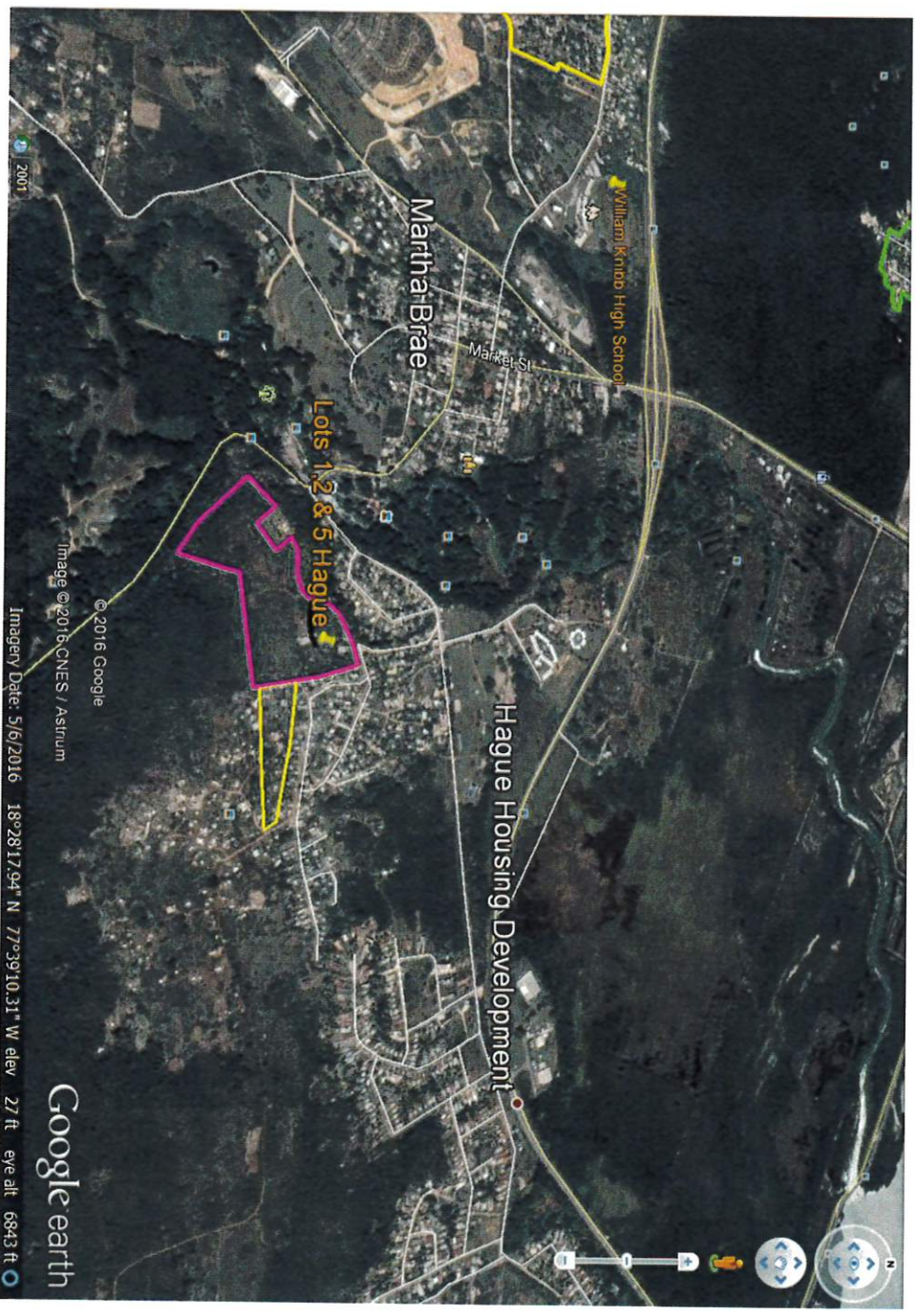
## 8. Lot 113 Greenwich Park



<b>Location:</b>	Mammee Bay, St. Ann
<b>Title Registration:</b>	Volume 1323 Folio 276
<b>Land Owner:</b>	Minister of Housing
<b>Land Size:</b>	3.68 hectares
<b>Estimated Land Value:</b>	\$27.0M
<b>Description:</b>	The property is moderately sloping above road level and is heavily vegetated. It is within a 5km radius of Ocho Rios and St. Ann's Bay and has a good view of a section of the north coast.
<b>Available Utilities:</b>	Potable water supply, electrical distribution system, sewage infrastructure
<b>Development</b>	The property is suited for townhouses and serviced lots for middle income families



## 9. Lots 1, 2 & 5 Hague





**Location:** Hague, Trelawny

**Title Registration:** Volume 1405 Folio 972, 973, 976

**Land Owner:** Minister of Housing

**Land Size:** 7.17 hectares

**Estimated Land Value:** \$35.0M

**Description:** The property is gently sloping above road level and is within a 10km radius of commercial areas, schools, a health clinic a police station and a fire station. It has a panoramic view of the Caribbean Sea.

**Available Utilities:** Potable water supply, electrical distribution system

**Development** The property is suited for middle income development