



BARBADOS AUDIT OFFICE

Special Audit on the National Housing Corporation



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SPECIAL AUDIT

ON THE

NATIONAL HOUSING CORPORATION

AUGUST 2009

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The Mission of the Audit Office is to strengthen public accountability by providing fair and independent reports after careful examination of records and use of resources.

THE GOAL

The goal of the Audit Office is to promote staff development, ensure achievement and maintenance of a high standard of auditing and accountability in the public sector, and contribute to the general efficiency and effectiveness of financial management in the public service.



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7th August, 2009

His Honour Mr. Michael Carrington, M.P.
Speaker of the House
The House of Assembly
Parliament Building
BRIDGETOWN

Sir

I have the honour of submitting to you for laying before the House of Assembly in accordance with Sections 38 (2) and 38 (5) of the Financial Management and Audit Act, 2007 - 11, a special report on the National Housing Corporation.

Yours faithfully

Leigh Trotman
Leigh E. Trotman
Auditor General

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The Permanent Secretary, Ministry of Housing and Lands; and

The General Manager and staff of the National Housing Corporation.

2. Sincere appreciation is also extended to the officers of the Audit Office whose efforts contributed to the successful completion of this assignment.

Special Audit on the National Housing Corporation

Executive Summary

1. The National Housing Corporation is a state agency which has responsibility for the development of land and the construction of housing units for sale or rental to low and middle-income persons. In addition, the Corporation makes available loans for the purchase of land and houses.
2. At the 31st March, 2008 the Corporation had a database of over 29,000 applicants for land/housing solutions. This database has grown at a rate of 2,400 applicants a year over the ten year period to March 2008. The database however needs to be properly maintained, since it contains names of persons who have already acquired properties and others who applied in the 1990s but may no longer be eligible for or interested in property acquisition or rental.
3. In 2003, the Corporation estimated that it had 850 acres of land at its disposal for housing development. However it conceded that it did not have the financial capabilities to carry out infrastructural development on this land. The cost for such development was estimated at \$200 million. The Corporation therefore took a decision to involve the private sector in Joint-Venture arrangements as a means of accelerating the delivery of land and housing to applicants.
4. This proposal was placed before the Cabinet, which agreed to the concept, and directed that there be certain conditions attached. These included an assessment of the technical and financial capabilities of each developer/contractor. It was also decided that first time home owners should be given priority. Invitations for expressions of interest were sent to selected firms, including firms which previously worked for the Corporation and others which expressed interest in doing so.
5. Several firms were selected by the Cabinet as Joint-Venture partners. The Audit Office was however unable to obtain the specific criteria used in the selection of these firms. The due diligence on their capacities was not conducted, and it was later discovered that some developers lacked the financial capabilities to proceed with the project as mandated by the Cabinet. To assist these developers the Corporation entered into agreements whereby the firms leased lands from the Corporation, and these leases were then used as collateral by the firms to obtain financing. The delivery

of houses by these developers has been very slow, and of the estimated 522 which should have been delivered, only 113 were completed in the period 2003 to 2008. In addition 48 other houses were completed during this period in respect of a joint venture programme at Blackmans which had commenced in 2002.

6. Along with the financial deficiencies, several other factors were responsible for this slow delivery. These include entering contractual arrangements without first ensuring the permission of the Town and Country Planning Division was obtained to develop areas and entering arrangements before lands were properly vested in the Corporation by the Crown.

7. A central aim of the Corporation is to provide housing/land to low /middle-income earners. This is facilitated by the Ministry of Housing vesting lands into the Corporation for the construction of houses. These lands are generally sold at prices below those in the private sector. However, it was observed that in excess of 80 acres of land were sold to private developers, contrary to the decisions of Parliament. This resulted in less land being available to the Corporation for its housing programme.

8. The Corporation is funded mainly from the collection of rents and the sale of property. However, the Corporation has acknowledged that the rents collected are insufficient to cover the cost of repairs, while the sale of lots is infrequent, and therefore does not supply a steady cash flow. The Corporation also relies on a bank overdraft with the Barbados National Bank to help run its day-to-day operations. At March 2008, the overdraft was in excess of \$23 million. As a result of the shortage of funds the Corporation has been challenged to meet its financial commitments and this has impacted on its ability to execute its programmes.

9. On two occasions, lands for which the infrastructural development was funded by the Corporation were placed under the control of private developers for allocation to potential buyers. There was no clear benefit for the Corporation from this course of action. With applications in excess of 24,000, there was no benefit in allowing private developers to allocate land, without any stipulations about whom the land should be sold to.

10. In 2004, the Corporation pursued a profit sharing arrangement with a bank at Husbands Gardens contrary to the directive of Cabinet. This action resulted in a loss of \$1 million to the Corporation. A minority of applicants, who had applied for these properties, were able to afford the high cost at which they were sold.

11. The Audit Office sought to ascertain the method used by the Corporation in allocating house lots under its control. This is in light of the fact that the Corporation has an applicant wait-list that stretches back some eighteen years to 1990. The Audit

sampled applications from a number of areas where persons were allocated lots and properties.

12. Overall, there did not seem to be any consistent manner in the allocation of lots since it could not be determined the rationale for their distribution. The length of time an application was made did not appear to significantly impact on one's chances of obtaining a housing solution. On occasion it was on the recommendations of parliamentary representatives of the area while on other occasions it was based on allocations of the marketing department or the Board. The Corporation needs to have a system in place which properly allocates property/lots to applicants, and this system should be communicated to the members of the public.

13. During the five year period to March 2008 the Corporation had constructed two hundred and twenty-six (226) houses through the Joint-Venture and Primary Homes programmes, and these results contrast with the target of 1,600 which was set for the five year period 2003 to 2008.

14. The finances at the Corporation are in a precarious state. The Corporation has essentially been funding much of its operations by way of a bank overdraft facility. At March, 2008 this facility was \$23 million. In addition, the Corporation has debts in excess of \$120 million owed to developers, its pension funds, and a former contractor. The Corporation is primarily funded by the rental and sale of land and properties. However these sources of revenue are unable to meet its day to day operations.

15. It will take considerable external financing in order for the Corporation to be placed in a sound financial position of carrying out its mandate of providing affordable housing to middle and low income wage earners.

Chapter 1

Introduction



NHC Headquarters

The Primary Objectives of the Corporation

The Corporation is a Statutory Board, established under Cap. 226 of the Laws of Barbados. The primary objectives of the Corporation are as follows:

- (i) To acquire, hold and manage land and other property of any kind whatsoever and sell, let, lease or otherwise dispose of such land or other property on such terms and conditions as the Minister of Housing determines;
- (ii) To carry out development, building, maintenance, repair, improvement and other operations;
- (iii) To make advances to persons on such conditions and securities as may be prescribed, for acquiring houses and land, or construction of houses.

1.2 The overall goal of the Corporation is to contribute to the improvement of the housing conditions of families in Barbados. This includes the provision of affordable housing, which is defined as the delivery of a quality product at a reasonable price. The Corporation seeks to provide these solutions without placing an undue financial burden on the purchasers, especially the low-income and most disadvantaged sector of the community. Persons at present qualify as low-income earners if they earn less than \$3,600.00 a month. Middle-income earners are persons whose monthly income is in a range between \$3,601 -10,000.00 per month.

1.3 The Corporation is the single largest provider of rental housing in Barbados, managing approximately 5,000 housing units. According to the Corporation, it had in excess of 29,000 applicants on its wait-list for housing solutions. As at 30th March 2008, the reported market value of the Corporation's rental property assets was then in excess of \$169 million. In addition to rental units, the Corporation also provides for sale house spots and housing units to individuals. A number of these units are provided in joint projects with the private sector.

Purpose of the Evaluation

1.4 The achievement of decent and safe housing for its citizens is a major goal for the Government of Barbados, and the Corporation is one of the main instruments in achieving that objective. Against this background, the operations of the Corporation were selected for a performance review.

Scope of the Audit

1.5 The Audit sought to evaluate the efficiency and effectiveness of the actions of the Corporation over a five year period, 1st April 2003 to 31st March 2008. It examined aspects related to the construction of houses, the sale of housing units and sale of land. Special attention was also paid to the institution's financial capacity in relation to its mandate.

Audit Objectives

1.6 The objectives of the audit were to assess whether:

- The Corporation's records provide an accurate picture of demand for housing and land;

-
- The Corporation is doing as much as it can with the resources available to increase the supply of public housing;
 - Available housing units / lots are allocated to the public in an equitable way;
 - The Corporation has a sound financial structure to support its endeavors.

Audit Methodology

1.7 The methodology used to evaluate the activities of the Corporation included a review of the legislation establishing it, as well as policy guidelines established by the Board of Directors and the Cabinet of Barbados. Also reviewed were the relevant files and accounting information of the Corporation. Interviews were conducted with the General Manager, Financial Controller, Chief Technical Officer, Project Coordinator, Chief Legal Officer, and staff members of the Accounts, Technical, Legal, and Administrative Sections.

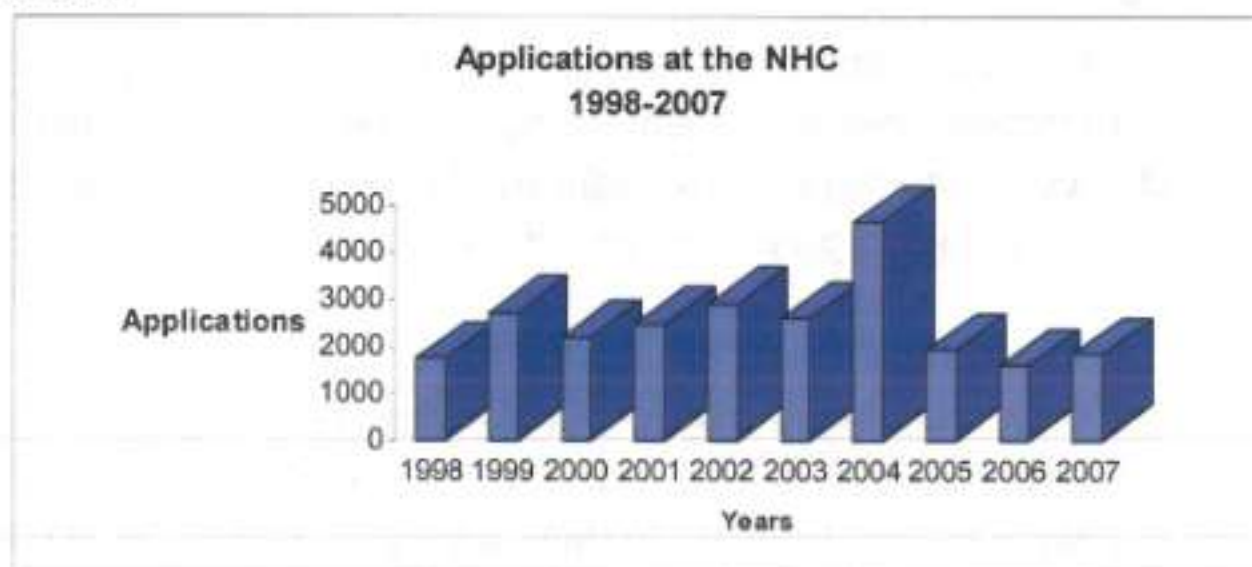
Mandate

1.8 This audit was conducted under the provisions of Section 36 (3) of the *Financial Management and Audit Act 2007*, which allows the Auditor General to "Carry out examinations of the economy, efficiency and effectiveness of Government departments, public bodies or parts of Government departments or public bodies". The conduct of such audits is often referred to as Value-for-Money Auditing.

Demand for Public Housing/Lands

1.9 Historically, there has been a high demand across Barbados for public housing provided through the Corporation. Chart 1 below details the application figures for the past ten years and shows that the demand for public housing /lands in Barbados has remained high, with an average of about 2,500 applicants each year.

Chart 1



1.10 In an effort to address the demand, the Corporation has developed a number of strategies as follows:

- Settlement 2000
- Joint-venture Programme
- Primary Homes programme.
- Sale of Land and property

1.11 The Settlement 2000 project, which did not form part of our review was designed to be completed in two phases over eight years(1997-2004) to provide for 350 starter homes, 1612 residential lots, 52 commercial lots, 104 terrace units and 8 shops for rent. It was also to provide 2374 loans to low income earners-1574 to purchase lots, and 812 loans to start construction of houses. According to reports out of the NHC, this project produced 219 residential lots, 33 Commercial lots, 91 two bedroom houses, 56 three bedroom houses, 104 terrace units, 8 shops while 199 loans were provided. This programme was financed by floating two twelve year bond issues of \$20 and \$30 Million respectively.

1.12 Notwithstanding the efforts of NHC through this and other projects, the figures indicate that an extremely long wait-list has grown overtime and the Corporation is unlikely to meet this demand with a supply of suitable housing in the near future.

1.13 The availability of an accurate assessment of current and future housing needs is important for strategic decision-making by the Corporation. Presently the wait-list is the principal indicator used to determine the extent of the demand for housing assistance.

Audit Finding/Recommendation

1.14 There are limitations in using the wait-list as a mechanism for identifying needs. This information does not reflect changes in personal circumstances which may result in a change in the applicant's eligibility during the waiting period. In addition, persons who have obtained properties or left the country have not been removed from the list.

1.15 It is recommended that the Corporation take steps to review and update the wait-list so that it provides a more accurate picture of housing needs of applicants. In an effort to ensure its wait-list is up-to-date applicants should be asked to renew their interest in purchasing properties periodically.

Chapter 2

Joint-Venture Programme

Background

In 2002, the Corporation was in possession of approximately 850 acres of land for housing development. The Corporation, however, could not adequately provide the funding for the development of those lands. It estimated that in excess of \$200 million would be required for infrastructural work and construction of houses, in order to develop those lands on its own. In light of the funding deficiency, coupled with the need to accelerate development, it was decided that the Corporation would enter into a Joint-Venture arrangement with private sector developers. This would entail the Corporation providing land for private construction companies to build houses for applicants. (Appendix A)

2.2 The joint venture arrangements were to facilitate and promote public/private partnerships with the view of satisfying the increasing demand for housing. The Corporation estimated that through these ventures it could provide over 1,300 houses along with 377 lots to middle and low-income earners. (Appendix B)

2.3 In March 2002, Cabinet agreed that the Corporation should invite proposals from developers to enter Joint-Venture arrangements to develop land owned by the Corporation. Specific areas to be developed for middle and low-income housing were assigned to developers/contractors with a number of lots assigned to each developer/contractor. The programme for each income category was to be carried out in two phases, starting in the latter half of 2002.

2.4 Cabinet agreed in principle to the concept of joint ventures between the Corporation and local/regional partners, subject to the following:

- the Corporation should satisfy itself as to the technical and financial capability of each developer, and allocate portions of land for development as it considered fit;
- small contractors who had previously given satisfactory service should be permitted to participate in house building on serviced lots in low cost housing developments, specifically for clients of the Corporation;

- certification of agreements by the Attorney General.

Identification and Allocation of Land for Housing Development

2.5 For the middle-income earners, a total of eight areas (four in each phase) were targeted, and 14 contractors were identified to develop land and build houses. For the low-income category, six areas were targeted, and eight contractors were identified. Under these programmes, 1,537 lots were to be made available at various locations across the country as follows.

Middle Income Development Areas

Area	No. of Lots
Phase 1	
Deanstown Heights, St. James	245
Husbands Gardens, St. James	21
Coverley, Christ Church	80
Rices, St. Philip	100
Phase 2	
Kent, Christ Church	198
Ellerton, St. George	110
Lancaster, St. James	355
Old Deanstown, St. James	50
Total	1,159

Lower Income Development Areas

Area	No. of Lots
Phase 1	
Blackman's, St. Joseph	70
Arch Hall, St. Thomas	29
Grazettes, St. Michael	16
Phase 2	
Hoytes Villages, St. James	42
Coverley, Christ Church	50
Church Village, St. Philip	171
Total	378

Selection of Developers

2.6 Cabinet required that a due diligence check be carried out on contractors before they were considered for participation in the programme. They were to be checked for experience and financial capability. A review of several files related to the projects produced no evidence that the procedure outlined by Cabinet was followed in selecting the contractors. Such action would have minimized risks associated with contracting developers who lacked the finance and experience to successfully complete projects. At 31st March 2008, the status of each development was as follows:

Blackman's Development (St. Joseph)

2.7 The project at Blackmans Development, St Joseph was designed to provide 48 houses and 65 lots. Four contractors were assigned to this development. At 31st March 2008 this development had achieved its objectives with the sale of 65 lots and construction of 48 houses. However, there were delays in the work caused by one of the contracted entities which abandoned 10 houses.

2.8 However, there were delays in the work by one of the contracted entities which abandon 10 houses it was working on. These houses were subsequently completed by the Corporation's staff. No evidence was seen to indicate that a due diligence check was carried out on this contractor prior to the hiring process. In addition, no evidence was seen that the Corporation took any legal action as required by the agreement, against the contractor for failure to complete, or that any performance bond was in place for use in case of a breach of contract.

Buckley Meadows/Ellerton, St. George

2.9 A contractor was assigned to the project at Buckley Meadows/Ellerton, St. George to construct 89 middle-income houses. This contractor was originally assigned to Kent with two other developers for its development by Cabinet, but this arrangement was changed by the Ministry of Housing.

2.10 This arrangement resulted in an inexperienced developer with no track record being assigned a major development of 89 lots to complete on his own at Ellerton, (Buckley Meadows), St. George.

2.11 The contractor had never done any work with the Corporation before, nor is there any evidence that the Corporation was aware of the company's track record. In addition, there was no due diligence carried out on the financial capabilities of this

firm. It should also be noted that the bid submitted to construct the houses was unsolicited.

2.12 This developer has had major difficulty in carrying out this project at Ellerton (Buckley Meadows), St. George and after four years no houses were completed.

2.13 As at 31st March 2008, infrastructural work was completed, and the Certificate of Compliance was received by the Corporation and 55 houses were at various stages of construction. The Ministry subsequently announced that it was dissatisfied with the work of the Contractor, and sought a review of the project before proceeding further with its development.

Lower Burney, St. Michael

2.14 Several contractors were involved in the provision of houses at Lower Burney, but only two were Joint-Venture partners, each of whom was given a number of lots on which to build houses. Prospective home owners applied for lots and houses through these developers, who were to be paid for the construction of the house, while the Corporation would be paid for the land once construction began.

2.15 One developer signed an agreement in 2003 with the Corporation to provide 40 low-income properties at Lower Burney, St. Michael. No clear basis existed for the selection of this developer, as there was no evidence it had a track record in house construction. It is a standard feature of the Joint Venture arrangement for each developer to provide a surety. This allows the Corporation to recover funds from a contractor who failed to carry out the works in a satisfactory manner. However, there was no surety in place for this contractor.

2.16 At 31st March 2008, the contractor had constructed 11 houses and work had commenced on an additional 25 units. Four additional lots were requested to replace lots which have been abandoned because of deep soil conditions. The construction of only 11 houses in five years indicates a very slow rate of progress on this project.

2.17 It should be noted that the developer did not draw on the list of applicants at the Corporation when allocating housing solutions, instead selection was based on those persons who had applied directly to it. These applications were then forwarded to the Corporation. This is not the procedure which the Corporation generally follows when allocating lots. Persons are normally chosen from its database of existing applications.

2.18 Another developer was allocated 12 lots at Lower Burney, St. Michael, by the Corporation, upon written instruction from the Ministry of Housing. There was no evidence that this entity had applied to the Corporation, nor was any formal agreement seen in place between the Corporation and this developer.

2.19 The persons selected for these lots were not drawn from the database at the Corporation as intended, but were selected directly by the developer and forwarded to Corporation for approval. The entity had built nine houses at the time of writing with three lots remaining unallocated.

Audit Comment

2.20 There seemed to be no logical reason why the Corporation, with a wait-list in excess of 29,000 applicants, would give these entities the right to allocate these 52 spots. In addition there was no evidence that these companies had made any proposal for the Corporation to consider.

Corporation's Response

It should be reflected that the Corporation received instructions from the Ministry of Housing and Lands to enter into a contract with these developers.

Husbands Gardens Project

2.21 On 7th October 2004 an arrangement was made between the Corporation and a bank to develop land and construct houses at Husbands Gardens, St. James. [See *Appendix C*] At the time of the arrangement the land was not owned by the Corporation as purported in the executed contract, but was still under a 99-year lease (dated 16th January 1974) from the Crown to the Caribbean Meteorological Organization.

2.22 On 25th April 2005, the land was surrendered to the Crown by a Deed of Surrender signed between The Caribbean Meteorological Organisation and the Crown, and was subsequently vested in the Corporation, under Cap. 225 of the Laws of Barbados, by a resolution of Parliament.

2.23 Under the agreement (between the Corporation and the bank), houses were to be constructed on lots at approximately \$200,000 each. These houses together with the land were to be offered for sale to prospective purchasers at a price of approximately \$250,000.



Husbands Gardens

2.24 This agreement granted a licence that conferred exclusive possession of, and interest in, the lands, to the developer. It contained no time limit for the completion of the housing development. As a result, the lease did not comply with the requirement in the Cabinet decision.

2.25 The Corporation subsequently entered into a profit/loss sharing arrangement with a bank for the development of land and construction of houses at West Wood Gardens (part of the Husbands Project). Under this arrangement, the Corporation was to be paid by the developer $\frac{2}{3}$ net share of the profit from the sale of each lot, and another $\frac{1}{3}$ on the houses upon completion. This arrangement was contrary to the Joint-Venture criteria set by Cabinet in its March 2002 decision. If this criteria had been followed the Corporation should have received full payment for its land not later than when construction of houses reached slab level of the foundation.

2.26 The bank financed the entire project for both infrastructural development and house construction. When the houses were completed the bank and the Corporation found difficulty finding purchasers for the properties. Of the 24 applicants which the Corporation submitted, only two qualified to purchase the properties, which were supposed to be offered for sale at \$250,000 or thereabouts, but were being sold at an average of \$400,000 by the bank. This prevented the majority of applicants having any chance of qualifying. The bank reported that it suffered a loss on the project and as a result, the Corporation did not receive any monies from the sale of the properties.

Corporation's Comments

The Husbands Garden Project was conceptualized as a millennium project in 1999 long before the current Joint Venture Programme and should be treated separately.

Audit Comments

2.27 The Corporation was in possession of 1.324 hectares of land in a prime location. This land had a value of approximately \$1 million. The Corporation failed to comply with the decision of Cabinet, which stated that financing under the Joint-Venture agreement was to be met by the private developers. The Corporation should have been paid for its land when construction of houses reached slab level.

2.28 Clearly there was no in-depth analysis of the construction cost and sale price of these units; otherwise this agreement would not have taken place. By placing the construction of these units into the hands of the developer, the Corporation assumed considerable risk, since it had no control of the houses that were being built, or the price at which they would be sold. As a result of entering into a profit/loss sharing arrangement with the bank the Corporation suffered a loss of \$1 million on this property.

Kent (Christ Church)

2.29 On 15th April 2002, the management of the Corporation wrote to the Ministry of Housing and Lands, asking for the process to be initiated for the vesting of lands at Kent, Christ Church in order for the Corporation to carry out a joint-venture project in this area.

2.30 The Cabinet of Barbados subsequently approved a joint-venture arrangement with three developers for the development of this land to provide housing for first time home owners, with each developer assigned 66 lots. The companies were required to finance the infrastructural development and construct houses.

2.31 On 6th November 2002, the Corporation changed the arrangement of the Kent project as approved by Cabinet, and reduced the number of developers from three to two. The other developer was re-assigned to Ellerton (Buckley meadows), St. George.

Corporation's Response

The impression was given that the Corporation unilaterally changed the Cabinet decision, but this was a directive from the Ministry of Housing and Lands.

Sale of Land to Joint-Venture Partners

2.32 After protracted negotiations between the Corporation and the two joint-venture partners on the cost of houses to be built at Kent, no price could be reached that the Corporation would agree to. In the end the Corporation decided to terminate the negotiations since the construction price being proposed by the joint-venture partners was too high.

2.33 With the joint-venture arrangements terminated Management of the Corporation developed two proposals for Kent: One for the sale of the land in its raw state at \$7.00 per sq. ft, the other for the development of the land and its subdivision and sale at \$18.00 per sq. ft.

2.34 The Corporation estimated that it could make \$28 million in profit from the second proposal, and this profit could be used for the further development of properties for lower and middle-income groups. In addition, it would provide enough money to pay the Joint-Venture partners for any preliminary work carried out.

2.35 These proposals were submitted to the Corporation's Board for approval. The Board chose the second option, entailing the development of the land and sale at \$18.00 per sq. ft, and agreed that this option should be drawn to the attention of the Ministry for directions.

2.36 In response the Ministry requested more information, such as the status of the Joint-Venture arrangement, the legal implications of ending the arrangement, and the social impact of selling the land to the Joint-Venture partners.



Kent, Christ Church

2.37 In its response to the Ministry, the Corporation's management recommended that the captioned land should be offered to the joint venture partners for \$16 million or \$7.00 per square foot. The management argued that given the financial position of the Corporation and the ever growing demand under the Primary Homes programme, the Corporation needed a large capital injection to address this situation and it could be achieved by the sale of the land for \$16 million.

2.38 The Ministry approved the sale of the land, and on 22nd July 2005 gave permission to the Corporation to offer 53.95 acres of land at Kent, Christ Church to the Joint-Venture partners for \$16.0 million or \$7.00 per square foot. [The monies received from the sale of this land are being used to construct 56 housing units at Country Road.]

Audit Comments

2.39 It was on the negotiations for the price of houses that an agreement could not be reached. The criteria established and agreed to by Cabinet was that where negotiations broke down the Joint-Venture partners were to be paid for all work they had done, and all lands returned to the Corporation. Rather than follow this criteria, the Corporation chose to offer the land for sale to the Joint-Venture partners. This arrangement was never approved by Cabinet.

2.40 The decision of the Board was to develop the land and sell individual lots in the development. When the Ministry asked for advice on the Joint-Venture arrangement, the advice given by the Corporation was contrary to the decision of the

Board. In fact the information submitted to the Ministry misrepresented the Board's position by indicating that the Board had recommended the sale of land to the joint venture partners when in fact the Board had recommended that the land be developed and sold as individual lots.

Based on reports in the press that land is currently being sold by private developers for approximately \$750,000 per lot

Sale of Land Contrary to the Authorization of Parliament

2.41 The sale of land at Kent to private developers was contrary to the intent of Parliament of providing housing to first time home owners, and the Ministry's objective of reducing the housing demand in Barbados.

2.42 This land was vested in the Corporation for a public purpose, and if there was to be a change of use, the Ministry should have returned to Parliament for its approval. In essence the Corporation should only have acted in accordance with what Parliament authorized. It should be noted that on the 2nd April 1981 the Solicitor General gave an opinion on a similar matter when the Ministry wanted to use land for a purpose other than that for which it had been acquired.

2.43 The Solicitor General pointed out that wrong purposes have often vitiated compulsory purchase orders or schemes depending upon them. It is important therefore that the land acquired is used for the purposes authorized by Parliament. It seems therefore important that care should be taken to avoid any action which might be held to be a usurpation of the powers of Parliament. The Solicitor General stated that the principle has been expressed by the Courts in this way-

"The principle is that the legislative power in this country resides in Parliament and not in the Government departments. Powers must not be used for an ulterior object which is not authorized by law, however desirable that object may seem to them to be in the public interest."

Corporation's Response

The Auditor General needs to carry out further research in respect of this because Cabinet had also taken the decision to vest large parcels of land in the Corporation for quick sale to generate funds to support its capital works programme.

Audit Comment

2.44 These lands, having been sold to the private developers, remain idle after six years, and there are applicants on the Corporation's database who have applied for land at Kent. The decision of Parliament should be adhered to. It is not clear why the Corporation would sell land acquired for its housing programme to a private developer. It should also be noted that once land has been sold to a developer the Corporation has no control of the purpose or use of the land.

Deanstown Heights Project

2.45 This project was designed to provide 148 middle-income houses. The developer has a five-year lease, which is valid until 2010, and as at 31st March 2008 had expended \$5,114,425.78 on infrastructural development, payable when the lots are sold. Infrastructural work has been completed, but the prolonged negotiations over the contract price for houses have contributed to delays. The construction of houses had not started, and no lots had been sold. In addition, the developer had not been paid for the infrastructural work carried out.

Coverley (Christ Church)

2.46 At Coverley, 130 houses, (80 middle-income and 50 low-income), were to be constructed, and 40 lots were to be sold separately.

2.47 As at 31st March 2008, all the lots in the development were selected by prospective purchasers, who were in the process of obtaining financing for construction. Applicants had either made deposits, or had completed purchase of lots. One hundred lots had been conveyed to purchasers, 92 houses were at various stages of construction.



Coverley Development

2.48 Several complaints were made to the Corporation from clients assigned to one of the contractors. Clients reported that disbursements had been made to the contractor, but the construction of houses was extremely slow. The Corporation considered terminating the contracts of two contractors, but consultants advised that it would not have been wise to terminate the lease. At the 31st March 2008 the Corporation owed about \$6 million to developers for infrastructural work carried at this Development.

Financing for the Joint-Venture Programme

2.49 The Joint-Venture Programme did not work as envisaged. One of the stipulations of the Joint-Venture Programme was that the land owned by the Corporation was to be developed at the contractor's expense. The developer would recover the infrastructure cost from the Corporation after the lots in the development were sold.

2.50 To create circumstances which would allow developers to access finance, a special model lease was created. This lease allowed the developers to obtain bank loans to carry out the infrastructural work. Although infrastructural work was carried out, some developers have not been reimbursed for work completed. The Corporation was expecting to sell the lots in the development and pay the developers for the infrastructure work carried out. In some cases no lots had been sold and in other cases

the money received from the sale of lots was used to fund the day to day operations of the Corporation.

Lancaster Phase 1 (St. James)

2.51 At Lancaster Phase 1 the Corporation sought to construct 47 houses. A developer was selected by the Corporation and approved by Cabinet, but no agreement was ever signed. The project was to commence in 2002; however at 31st March 2008 no infrastructural work had commenced on the proposed site. At the time the review was being undertaken the Corporation was awaiting the results of an environmental impact study on the area prior to further action being taken.

Lancaster Phase 3

2.52 At Lancaster Phase 3 the Corporation sought to provide 173 houses on an area of land. The agreement was entered into before Town and Country Planning approval was received [see Appendix C]. The Town Planning Department has approved in principle the use of this area for housing development subsequent to the 31st March 2008, but no work had taken place at this location.

Conclusion

2.53 The Joint-Venture Programme was far short of its target after being in existence for six years. The 1,300 houses, which this programme promised to deliver, have not been achieved. Less than 115 houses were completed at 31st March 2008. Developers were supposed to bring financing to the programme, but instead had to use the land leased from the Corporation under the programme to obtain financing.

2.54 The sale of land to developers is also a cause for concern. Certain parcels of land vested in the Corporation for housing development were sold to private developers which could have been used to provide affordable houses to first-time home owners.

2.55 Another cause of concern was the lack of a performance and due diligence test on developers. Developers with little or no track records were given considerable land to develop and to construct houses. In a number of cases the projects given to these developers have achieved little results.

2.56 It is essential for the Corporation to obtain the relevant permission of the Town and Country Planning Department prior to entering into arrangements with developers. This practice would allow for a more timely start of work, and avoid the possibility of legal action being taken by the developers who are unable to commence work as per agreements.

2.57 Section 23 of the National Corporation Act CAP. 226 allow the Minister to give directions to the Corporation as to the exercise and performance of any of its functions and the corporation shall give effect to such directions. The comments from the management of the Corporation indicate that some of the decisions were based on directives from the Ministry.

2.58 There needs to be greater discussions between the Ministry and the Corporation prior to the implementation of these directives.

Chapter 3

Primary Homes Programme

Background

The Primary Homes Programme was launched on 1st September 2004. The aim of the programme was to provide quality, affordable homes to low-income earners.

A number of areas were identified under the programme for development and construction of houses. These are as follows:

Area	No. of Lots
▪ Arlie Heights, St. Michael	16
▪ Lower Burney, St. Michael	20
▪ French Village, St. Peter	15
▪ Four Hill, St. Peter	40
▪ Greens, St. George	49
▪ Constant, St. George	55
▪ Work Hall, St. Philip	40
▪ Marchfield, St. Philip	33
▪ Mount Poyer, St. Lucy	18
▪ St. Ann's, St. Joseph	<u>17</u>
Total	<u>303</u>

3.2 The types of houses were identified that prospective owners could buy under the programme ranging in price from \$42,000 to \$100,000.

3.3 Under this programme the income of qualifying persons could not exceed \$694.00 weekly or \$3,000 monthly. Another component of the programme was to assist persons who own land to obtain a timber or wall house.

3.4 On 24th February 2004 a number of contractors had signed up to work in this programme. However by March 2008 a number of them had dropped out, because they claimed the price being offered to build houses was inadequate.

Transfer of Property to NHC

3.5 In order for the National Housing Corporation to use Crown lands for development this land must be transferred or vested in the Corporation by Parliament. At the commencement of this programme, a number of the areas identified for development had not been vested in the Corporation and this would have delayed the sale of land. Some of the areas took a year or more to be vested while at the time of this report others still had not been vested. For example:

Areas vested after programme started

Mount Poyer, St. Lucy	June 2007
Work Hall, St. Philip	15 th March 2005
Marchfield, St. Philip	11 th October 2005
Four Hill, St. Peter	March 2005
Arleigh Heights, Cave Hill	December 2005

Areas Not Vested as at 31st March 2008

Six Roads, St. Philip
Constant, St. George
Fairy Valley, Christ Church

Developments without Town Planning Permission

3.6 In October 2006, Town and Country Planning had given permission to carry out infrastructural work at Work Hall, St. Philip, but the permission was granted provided that certain conditions were met before work commenced. The conditions were not met when the work was started, and by a letter dated 19th June 2007, the Chief Town Planner instructed that work should cease at this project. Permission was subsequently granted; at the date of the report some houses were under construction.

3.7 A contract was awarded in January 2007 to carry out the infrastructural work at Four Hill, St Peter, and work commenced by the contractor before planning permission was granted. Consequently the Chief Town Planner issued instructions to the contractor to cease work at the site.

3.8 It was only on 15th August 2007 that Town Planning permission was granted for sub-division of land into lots for erection of residences at Four Hill, St. Peter.

Lack of Financing

3.9 Due to a lack of financing in the initial stages of the programme, the Corporation could not carry out infrastructural work in various areas identified since 2004 for housing development. It was not until 2007 that significant work began on the infrastructure at the various sites.

3.10 The Corporation had difficulty obtaining financing for this project until 2007, when it was able to obtain a loan of \$7.3 million to finance the programme. At 31st March 2008, there were five areas at which infrastructural work was being conducted by the Corporation. These were:

- Greens, St. George (49 Lots)
- St. Ann's, St. Joseph (17 Lots)
- Four Hill, St. Peter (35 Lots)
- French Village, St. Peter (15 Lots)
- Marchfield, St. Philip (33 Lots)

3.11 After four years of this programme, very little house construction had taken place, except for two areas:

- According to Management reports, at Arlie Heights, St Michael, the construction of eight duplexes had started, and it was projected the construction would have been completed by 31st July 2008.
- At Lower Burney, St. Michael, 20 houses were completed by 31st March 2008. They were constructed by private contractors. The Corporation sold all these properties.

3.12 It was estimated that 303 houses would be constructed on lands owned by the Corporation. Since the programme began 67 had been constructed. By 31st March 2008, a further 43 were constructed for individuals on their own land.

Rising Cost in Building Materials

3.13 In April 2006, eighteen months after the launch of the programme, construction cost had increased, and this had a negative impact on the housing programme.

3.14 The Corporation received complaints from contractors about the rising prices in building materials, with the latter requesting that the prices being offered for house construction be reviewed. Some of the contractors actually indicated that they were not willing to construct houses for the prices being offered.

Audit Comments

3.15 The Corporation's ability to deliver the number of low income houses as planned has been affected by a number of factors and these included the following:-

- (a) In 2004, when the Programme was launched, some of the areas were not vested in the Corporation and therefore lots could not be sold to applicants;
- (b) Delays in meeting conditions set out by the Town and Country Planning Department;
- (c) Delays in obtaining financing by the Corporation in order to carry out infrastructural work;
- (d) Refusal of contractors to build houses at prices which were over three years old.

Recommendation

3.16 The Corporation needs to ensure necessary preparations are in place before future programmes are launched.

3.17 Houses need to be constructed in a timely manner after programmes are launched since the rising cost of building will make prices quoted valid for only a limited period.

Chapter 4

Sale of Land/Property

As stated earlier there are currently in excess of 29,000 names in the Corporation's database of persons who have applied for land or housing solutions. This database dates back to the 1990s. As part of the review the audit sought to establish what policies the Corporation has instituted for the allocation of units/lots, and how these were applied.

Eligibility for Sale of Land

4.2 Applications for public housing solutions at the Corporation are required to satisfy eligibility criteria. The property ownership eligibility criteria require that applicants should not already be owners or part owners of residential premises. Their household income level should not exceed \$3,600 monthly for low-income housing, or \$10,000 for middle-income housing [See *Appendix D*].

Process for Sale of Land

4.3 Persons who wish to purchase a lot or property must follow a set of procedures: an application must be completed and submitted; the application must be processed by the Corporation to determine eligibility; the application must be recommended to and approved by the Board; and then offers must be made to the persons approved by the Board.

Audit Finding

4.4 There were a number of housing solutions and lots which were offered or sold to persons who were not approved by the Board, or had no record of a completed application form as required. In some instances persons recommended by the Board were not allocated lots, but instead were replaced by the personnel of the Corporation.

Corporation's Response

It was stated that lots were allocated to persons for whom either application or approval by the Board was not seen. While that maybe true it should be noted that this is usually the case where there is political intervention.

Allocation of Lots

4.5 In 2004, the Corporation had established a policy on the number of lots that should be allocated to applicants from the parishes. This policy stated that the percentage of lots allocated to applicants from the area should not exceed 25%. However, in parishes with a larger number of constituencies, for example, St. Michael and Christ Church, the allocation should not exceed 50%. Other parishes with three constituencies should have a cap of 40%. Since these criteria were set in 2004 no further evidence has been seen to indicate that it was changed. A sample of lots allocated in a number of areas, revealed the following:-

- (a) In 2007, at St. Ann's, St. Joseph, all the lots were allocated to the applicants of that area after being recommended by the Parliamentary representative;
- (b) In 2006, at Arch Hall more than 90% were allocated to applicants from the area;
- (c) In 2006, under the Primary Homes Programme at Lower Burney 60% of the lots were allocated based on the recommendations from the Ministry.

Audit Comment

4.6 This sample of areas has shown that the criteria have not been applied as recommended and approved. The Corporation needs to consistently follow its selection criteria for the distribution of lots and this selection process should be known to applicants. Under the current system, often individuals are not aware that an application is only relevant to the specific area they had applied for.

Houses at Six Roads, St. Philip

4.7 During the last five years the Corporation has offered for sale many lots/properties however, it has been unable to convey these properties because of

vesting issues i.e. the transfer of legal title to lands from the Crown to the Corporation. The Corporation built 10 houses at Six Roads, St. Philip, on lands for which it had no legal title. Subsequently, the properties were offered for sale in 2005, to applicants, who accepted the offer. The occupants signed agreements with the Corporation to pay rent, until they could obtain mortgages to pay for their property, at which time the Corporation would issue a conveyance vesting the property to them. However, these properties were not conveyed because the Corporation did not have legal title.

Audit Comment

4.8 The Corporation offered for sale land for which it had no clear title and underestimated the time and issues involved in the vesting process. Until these lands are conveyed to the Corporation, it will not be able to sell these properties.

Lack of Compliance with the Condominium Act, CAP.224A

4.9 Housing constructed under the Condominium Act must conform to certain conditions, and is subject to the approval of the Chief Town Planner. In order to sell housing units constructed under this Act, one of the criteria required is the establishment of a management company.

4.10 In 2001, the Corporation built a number of condominiums at Flat Rock, St. George, and Brighton, Black Rock. When the Corporation offered these units for sale, it was not in a position to sell them since they had not established a management company as required. These units were built at an average cost of \$95,000 per unit. They were offered for sale to successful applicants who were to occupy them and pay occupancy rent until they acquired a mortgage.

4.11 The Audit took a sample of seven of the persons who now pay occupancy rent, and found that a number of persons have paid between \$40,000 and \$70,000 on these units.

4.12 It is recommended that the Corporation establish this management company, so that these persons can complete the purchase of their units.

Land Sold at Kent, Christ Church

4.13 In November 2007, 28 acres of land at Kent, Christ Church, were vested in the Corporation for housing purposes.



Kent, Christ Church

4.14 By letter dated 10th January 2008, the Sales and Marketing Section offered two parcels of land for sale at Kent, Christ Church, totaling 28 acres to two companies (15.1 acres to one company and 13 acres to another). Both entities responded the same day, accepting the offer. Sales instructions were then issued to the two firms, which paid deposits to the Corporation on the 14th and 18th January 2008. The Audit found no correspondence on file indicating that these entities had expressed any interest in purchasing land from the Corporation or were selected through any competitive process.

4.15 According to the minutes of the Board, an emergency meeting was held on 9th January 2008, and the Board was told by management of the Corporation that the Ministry of Housing had recommended that the lands be sold to the two companies. It was indicated that the sale of this land was to provide capital to execute the Corporation's projects.

4.16 It was also reported that one parcel contained 15.1 acres, and the Town and Country Planning Department had already given permission to subdivide it into 73 lots for residential purposes. This permission will expire on the 17th August 2009.

4.17 After these lands were vested in the Corporation in November 2007 for housing purposes, they were not placed on lists to be made available to the wider public.

4.18 The information trail did not provide sufficient information to determine how the decision-making process was arrived at.

Corporation's Response

It should also be noted that the land sold to one of the developers at Kent was advertised by Public tender by the Ministry of Housing and Lands and an agreement was in place before the land was vested in the Corporation. The land was subsequently advertised by the Corporation and another developer won the bid but the first developer subsequently got a Court junction to prevent the sale. The Corporation was then committed to finding an alternative site and the one at Kent (13 acres) was offered, 3.5 acres of which was offered at the agreed price for the first offer.

Audit Comment

4.19 The Board made the decision to sell the land to the two entities based on the reported recommendation of the Ministry. However, there was no evidence of an application from either entity for land at Kent ever being made to the Corporation or the Ministry.

4.20 Over a five- year period to March 2008 approximately 85 acres of land at Kent has been sold in large tracts to three (3) private developers, and a private citizen. At the same time the database of the Corporation indicates that there were some 198 applicants who applied for housing solutions at Kent between 1998 and 2003, but they had not been offered these lots. [See Appendix E]

4.21 The sale of land to these developers has resulted in substantial land being taken out of the Corporation's control, and diverted from the intended purpose of alleviating the housing problem among lower/middle income segments of the population.

Conclusion

4.22 The allocation policy was not consistently applied, in some instances the Parliamentary representatives were allowed to choose applicants while in other instances this was not the case.

4.23 Based on our review there is some uncertainty as to whether applicants have to apply for each project or whether their applications were considered for other projects for which they qualified.

4.24 The Corporation therefore needs to review its policy in respect of applicants to ensure that persons clearly understand the application process.

4.25 In respect of the sale of land at Kent, the decision-making process should have been documented as a result of this omission the reason for the sale to the developers could not be determined.

Chapter 5

Finances

The Corporation derives its revenue from three main sources: the sale of land and property, the rental of property and land, and interest from loans. The funds derived from these sources have been inadequate to meet its operational needs. As a result the Corporation's capital works programme has suffered, and it has experienced difficulties serving both short and long term debt.

5.2 A number of factors have contributed to the financial woes of the Corporation over the years. These include a high interest repayment rate on the overdraft facilities, interest repayments on long-term debt, high salaries and wages relative to revenue collection.

Overdraft Facilities

5.3 The Corporation has an overdraft facility whose limit is set by the Ministry of Finance. However, the Corporation has been operating in excess of this limit. For example in 2003 the limit was \$4M while the overdraft reached \$8.9M. In 2008 the limit was \$7M while the overdraft reached as high as \$23M. This method of financing was very costly. During the period 2003-2008 the Corporation paid in excess of \$10M interest charges on this facility.

Sinking Fund

5.4 The Corporation floated two 12-year bond issues in September 1997 and December 1998, in the amounts of \$30M and \$20M respectively, to finance the "Settlement 2000 Project".

5.5 Although the Ministry of Finance guaranteed the bond issue, and had been paying the bond interest, the Corporation was expected to establish a sinking fund to meet the redemption of the \$50M housing bonds. This had not been done, as the Corporation was not in a position to redeem these bonds and has requested the Ministry of Finance to redeem them when they become due. The first tranche of \$30M will mature on the 31st August, 2009 and the second tranche of \$20M will mature on the 31st August 2010.

Non-Payment to Pension

5.6 Pension contributions on behalf of its employees are fully financed by the Corporation. Due to its cash position over the years, the Corporation has been unable to make the payments to the pension fund. At January 2008, the outstanding pension contributions stood at \$21M. The Corporation pays 25% of appointed employees' salaries and wages towards this fund.

Judgment against the Corporation

5.7 A judgment was assessed against the Corporation in relation to an arbitration case with a construction company, in the amount of \$34,490,518 plus interest at the rate of 10%, from the date on which the matter was submitted (July 2002), until the date of the award (September 2006), and thereafter at 8% per annum until payment. The decision has been appealed.

Exchanging of Land for Debt

5.8 The Corporation was indebted to the National Insurance Department for the non-payment of National Insurance contributions on behalf of its employees. To reduce the debt, the Corporation is conveying two lots of land at Warrens, St. Michael, valued at over \$10M to the National Insurance Department. Even after this exchange the Corporation will owe the Department in excess of \$7M.

Conclusion

5.9 The Corporation faces serious financial challenges in servicing its debts, and carrying out its mandate of providing affordable housing. A lack of funding caused some Primary Homes Projects to fail. The Corporation should ensure that it obtains the sources of funding before it begins major projects.

Chapter 6

Conclusions and Recommendations

6.1 There is no doubt that a considerable demand exists for housing solutions offered by the National Housing Corporation and this is evidenced by the wait-list that has been growing at a rate of 2,500 per year.

6.2 Considerable amounts of land have been vested in the Corporation over the years for housing development. The Corporation had set a target for the construction of 1300 Low and middle income houses along with the development of lots for sale over a five year period from Jan 2003 to Dec 2008. However it was only able to develop 226 houses and provide 194 lots during this period.

6.3 There are a number of reasons why the Corporation was not successful in its housing solution ventures as it had projected. These included the poor state of the Corporation's finances which limited its ability to carry out infrastructural work in areas selected for its Primary Home Programme.

6.4 In addition the Corporation failed to conduct the necessary due diligence on contractors selected for the joint venture programmes. This contributed to the selection of a number of developers who had little finances or experience. Consequently, it led to the slow development of work in those areas selected for joint venture programmes.

6.5 The Corporation's mandate requires it to provide housing to middle and low income earners in the country. In this regard, hundreds of acres of land have been transferred to the Corporation by the Government. In a number of instances land vested by Parliament to provide houses for low income earners was sold to developers and this action was contrary to the legislative intent of Parliament and showed a disregard for the directive of the Legislative Assembly.

6.6 Approximately 85 acres of land which was capable of providing over 750 lots were sold during the period 2003 to 2008 to developers. In one instance, a parcel of this land was offered for sale to a developer but there was no evidence that the buyer had either expressed any interest in purchasing the land or that the land was made available to other potential buyers. This transaction lacked transparency.

6.7 Given the long process involved in acquiring and developing land, the sale of land to developers would certainly have set back the housing programme of the Corporation.

Recommendations

6.8 The financial health of the Corporation is critical to the carrying out its mandate and needs to be strengthened.

6.9 The Corporation needs to implement programs based on its financial and technical capabilities.

6.10 The Corporation needs to have a more accurate list of applicants and those successful in receiving housing solutions. In addition, its database needs to be updated on a regular basis so that informed decisions can be taken in housing allocations.

6.11 When applicants have not been successful, the Corporation needs to inform them of the means by which to keep their applications current, and whether they have to re-apply for new areas of development.

6.12 Relevant due diligence should be carried out on firms seeking to construct houses for the Corporation to attest to their financial and technical suitability.

6.13 The Corporation should ensure that Town Planning and other regulatory approval is obtained for the development of land prior to entering into contracts with developers.

6.14 As a result of the long delays in implementing housing solutions, greater care needs to be taken in arriving at the sale price of NHC houses, since materials and other costs can rise substantially during the period from conception of plan to sale of units.

6.15 Land vested in the Corporation should only be utilized in accordance with the directives of Parliament.

6.16 The Corporation needs to have a policy which clearly outline to staff and the public, the selection criteria used to allocate housing units to applicants.

6.17 The Corporation should ensure that there is the establishment of a management company as required by the Condominium Act, CAP. 224A.

Appendix A

The Corporation also agreed to the following objectives for the programme, and to the type of model Joint-Venture contract that it should enter with the Joint-Venture partners:

- (i) To facilitate and promote public and private partnerships with a view to satisfying the ever-increasing demand for sites, services and houses;
- (ii) To allow the corporation to retain ownership of the land, so that there is some measure of control in respect of the cost of the land by the time it is transferred to the prospective homeowner;
- (iii) To avoid land speculation by ensuring proper distribution among low and middle-income earners at affordable rates;
- (iv) To ensure that the housing solutions satisfy the existing policy requirement that only first time owners should benefit;
- (v) To ensure that the Corporation's land is not encumbered to the extent that the encumbrance becomes a potential liability to the corporation;
- (vi) To speed up the process of the delivery of housing solutions as part of a programme that will incorporate the principles of sustainability and replicability over the next 10 years.

The audit examined the extent to which these objectives were achieved by looking at the following areas:

Criteria:

- (i) The developer should be provided with a license/open market lease to develop the land and/or construct dwelling houses;

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- (ii) The lease should ensure that the Corporation retains the right to re-enter the land on default of the developer;
 - (iii) Lease hold interest will be for a maximum of five (5) years;
 - (iv) The developer must put a bond in place of not less than 10% of the market value of the developed land;
 - (v) The Corporation's approval should be required for all designs for spatial layouts and houses in respect of each parcel of land to be developed;
 - (vi) The Corporation should receive payment for its land not later than when construction reaches slab level;
 - (vii) In the event that the project is not completed after a five-year period and/or all completed houses are not sold, the Corporation should consider renewing the lease for two years, or complete the project and dispose of the houses by way of sale, and compensate the developer;
 - (viii) The developer is responsible for making good all defects for two years after hand over of the house to the purchaser;
 - (ix) The Corporation's Board, in consulting with the developers, is responsible for fixing the price at which both the land and the houses are to be sold;
 - (x) The legal title to the land should be retained by the Corporation, which will be responsible for preparing all transfer documents;
 - (xi) The developer is responsible for submission of all applications to agencies, and obtaining the relevant permissions and certificates;

-
- (xii) The developer is responsible for providing insurance coverage of the project at a cost to the developer and the Corporation.

Appendix B

Status of Joint-Venture Programme as at 31 March 2008

Development	No. of Houses (H)/ Lots (L) Proposed	Infra structure Work	Certificate of Completion	No of Lots Sold	No. of Houses Under Construction	No. of Houses Completed
Coverley, Christ Church	129 (H) 50 (L)	Completed	Issued	100	50	22
Blackman's, St. Joseph	48 (H) 65 (L)	Completed	Issued	65	-	48
Old Deanstown, St. James	41 (L)	Completed	Not Requested to Date	-	-	-
Rices, St. Philip	38 (H) 82 (L)	Completed	Requested	-	-	-
Deanstown Heights, St. James	148 (H)	Completed	Not Requested to Date	-	-	-
Hoyte's Village, St. James	41 (H)	Completed	Issued	39	24	14
Arch Hall, St. Thomas	44 (L)	Completed	Issued	37	-	-
Grazettes, St. Michael	35 (L) 16 (H)	Completed	Issued	35	2	6
Ellerton, St. George	89 (H)	Completed	Issued	-	55	-
Lancaster I, St. James	47 (H)	Pending	Not Requested	-	-	-
Lancaster III, St. James	173 (H)	Pending	Not Requested	-	-	-
Husbands Gardens	23 (H)	Completed	Issued	23		23
Church Village Kent	171 (H) 400 (H)	Pending Sold to joint venture Partner				
Total	1323 (H) 317 (L)			299	131	113

Appendix C

Joint-Venture Agreements

Name of area	Area	Lots/houses	Contractual Sum	Date contract Signed
Lancaster Phase 111, St. James	16.62 hectares	173 houses	Bds \$6,085,910.00	2/6/2003
Deanstown Heighs	104,951.28 m	148 houses	Bds.\$5,114,425.78	28/1/2005
Coverley, Christ Church	39,366.60 m	87 lots/ 42 houses	Bds \$2,098,835.00	1/12/2003
Coverley. Christ Church	43,624.55 m	92 lots 44 houses	Bds \$2,033,928.00	18/9/2003
Buckley Meadows St. George	6.897 hectares	89 houses	Bds \$2,204,973.14	18/8/2004
Husbands Gardens, St.James	1.324 hectares	26 houses		7/10/2004

Appendix D

The Corporation allows prospective purchasers to submit an appropriate letter from a financial institution as proof of access to a 100% mortgage. In essence, applicants who have access to 100% mortgages would not be required to pay a deposit since this would be done by the financial institution providing the 100% financing. In other cases, a 10% deposit would apply.

The following criteria apply with respect to the allocation of lots/properties:

- Qualifying age of applicants should be 18-70 years;
- Applicants must not own any property;
- Applicants must be citizens of Barbados;
- The maximum salary for low income should not exceed \$3,600.00 monthly;
- Maximum salary scale for Corporation applicants should be \$10,000.00.
- A percentage of the lots should be allocated to applications from the area; these generally should not exceed 25% of the total lots; In parishes with a larger number of constituencies the number should not exceed 50%. Other parishes with three constituencies should have a cap of 40%.
- A percentage of lots should be allocated to applicants currently renting from the Corporation;
- The date should be shown on applications;
- When housing is needed for members of an existing household: Consideration should be given to factors such as the number of persons in the house, the number of distinct* families etc.

-
- Some consideration should be given to staff of the Corporation.
 - Deposit of not less than 10%.

Applicants (for property) who are members of staff of the Corporation are required to satisfy the basic criteria with respect to income range, the ownership of property, and the payment of a deposit where appropriate. Therefore, any member of staff who already owns land or other property, or who rents land from the Corporation, would have to be excluded unless they elect to give up that which they are already holding.

Appendix E

Land Sold at Kent

Over the five-year period to March 2008 all the land at Kent has been sold in large tracts to private entities. At the same time the database of the Corporation indicates that there are some 198 applicants who applied for housing solutions at Kent between 1998 and 2003, but have not been considered for lots.

Sale of Land to Private entities at Kent, Christ Church

Year	Purchaser	Area (acres) Sold
2003	Private Individual	3.5
2008	Company	53.95
2008	Company	15
2008	Company	13

