



United Nations Economic Commission for Latin America and the Caribbean

Policy Brief
LC/CAR/2022/2/Rev.1
30 January 2023

Resilient and affordable housing in the Caribbean

Policy recommendations towards a transformative, green and inclusive recovery strategy

Introduction

The Caribbean¹ faces multidimensional vulnerabilities driven by climate change and aggravated by Small Island Developing States' (SIDS) natural and economic characteristics. A critical natural feature of SIDS is the extreme vulnerability to climate-change-induced events. Economically, the Caribbean has followed the global trend of seeing its urban areas swell during the last decades. Moreover, the region's coastal areas expose human settlements, infrastructure, and businesses to external shocks, such as climate change-induced extreme weather events. In addition, the 2019 novel coronavirus disease (COVID-19) introduced a new dimension to these vulnerabilities, widening inequalities and demanding new and more localized approaches to how Caribbean countries respond to the pandemic's economic and social fallouts (ECLAC, 2021a; 2021b).

Considering the susceptibility of human settlements and built infrastructure, housing policies are crucial in promoting community resilience, especially given Caribbean countries' multipronged disaster-risk scenarios. Moreover, these policies have the potential to end intergenerational poverty and cut inequality cycles by combatting spatial segregation in cities and providing an opportunity for climate adaptation through adequate urban planning and green infrastructure.

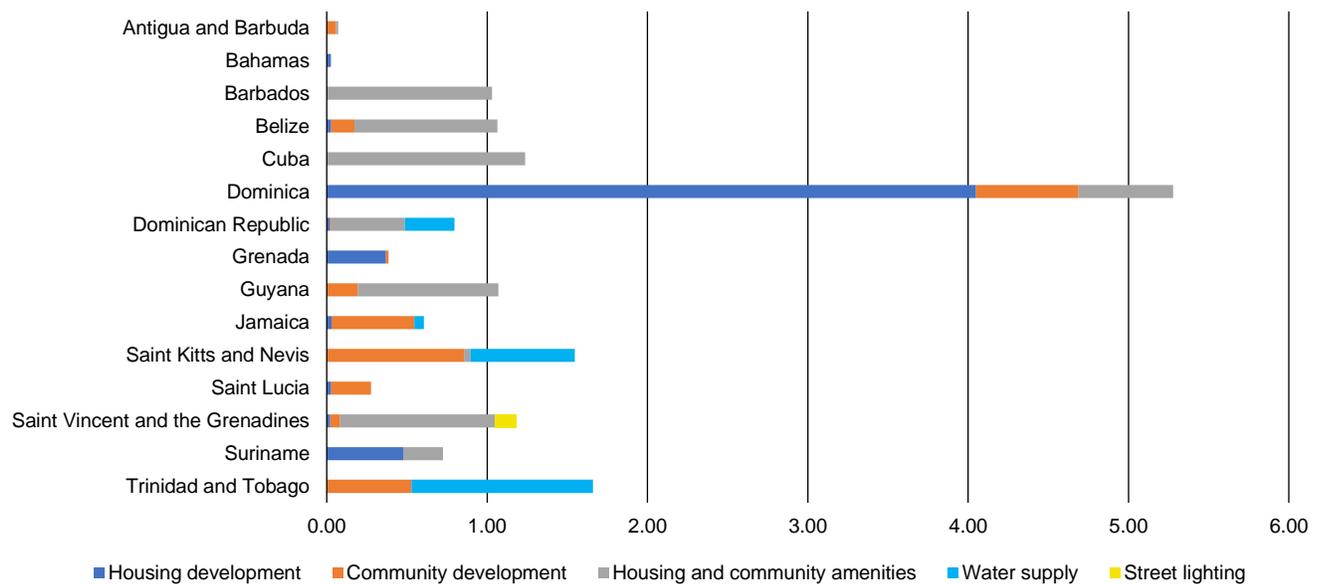
Key recommendations

- **Develop and implement national housing policies that integrate stakeholders at the local, national, and regional level**
- **Enable participatory planning to increase implementation capacities**
- **Invest in the existing housing stock**
- **Support research on climate resilient housing**
- **Develop and update construction standards and building codes**
- **Support locally-driven community development that informs national housing policies**
- **Offer training support on resilient and sustainable building techniques**
- **Consider alternative financing options**
- **Promote insurance mechanisms**

¹ In this policy brief the Caribbean includes the member States and associate members of the Caribbean Development and Cooperation Committee (CDCC). The member States are: Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago, and the associate members are: Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Guadeloupe, Martinique, Montserrat, Puerto Rico, Sint Maarten, Turks and Caicos Islands, and United States Virgin Islands.

Inadequate housing is a contributing factor to the intergenerational reproduction of poverty. Slums and informal settlements are one of the most visible expressions of inequality and reflect longstanding development gaps between those who live in the middle- and high-income formal neighbourhoods and those living in poor or informal settlements. Addressing this “urban gap” is crucial for building a more just society and cannot be decoupled from overall sustainable development ambitions. Caribbean countries therefore have embarked on various housing policy measures to tackle the negative consequences of unplanned urbanization. These include assistance with housing costs to prevent economic deprivation and, more broadly, to provide access to affordable housing and thus promote social inclusion.

Figure 1: Public expenditure on housing and community amenities, in percentages of GDP (2019-2020)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database].

Note: Data unavailable for Haiti.

As illustrated in figure 1, during the 2019-2020 period, most countries in the subregion invested less than 2% of their GDP on housing and community amenities (according to the classification of government functions). Of the 16 Caribbean countries analyzed, the lowest percentage of government spending was in the Bahamas (0.02% of GDP in 2020), and the highest was in Dominica (5.3% in 2019).

This policy brief addresses the challenge of ensuring affordable and resilient housing for everyone in the Caribbean by putting the issue of adequate

and affordable housing at the center of policy debates. It provides an overview of housing policy instruments found in 16 member States of the Caribbean Development and Cooperation Committee (CDCC)² and provides some recommendations for policy consideration.

Background

Urban areas are economies of agglomeration and scale, which increase the efficient use of resources. Historically, unplanned urbanization and limited land supply are the fundamental causes of housing

² Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

unaffordability in Caribbean countries. However, as populations continue to grow and move to cities, by 2030, 40% of the Caribbean population (or approximately five million persons) will become urban dwellers and require adequate housing (DESA, 2018).³ Furthermore, increased inequality and informal settlement expansion have followed unplanned urbanization in many Caribbean countries. According to the World Bank's World Development Indicators, about 33% of Caribbean SIDS' population lived in slum dwellings as of 2018, contributing to the further spatial segregation of the subregion's poor.

Adequate and affordable housing is a human right and contributes to achieving sustainable development priorities in the Caribbean SIDS (OHCHR/UN-Habitat, 2009). Policy measures to guarantee the right to adequate and affordable housing can include government action at legislative and executive levels, especially regarding budgetary allocations. These policy measures can also include the creation of public-private partnerships (PPPs) that support the inclusion of all stakeholders to activate the production and improvement of shelters. However, it is essential to note that the right to adequate housing does not translate to the State's obligation to build housing for the entire population.

Sustainable Development Goal (SDG) 11 expresses the role of housing explicitly as making cities and human settlements inclusive, safe, resilient, and sustainable. The SDG agenda proposes promoting planning principles for sustainable urban development to foster community cohesion and security so that cities and human settlements continue to act as engines of employment and prosperity without straining land and resources.

Multiple international mechanisms provide the institutional frameworks to incorporate the development of resilient housing within the sustainable development agenda. These institutional frameworks include the Addis Ababa Action Agenda (AAAA) on Financing for Development, the Paris agreement on Climate Change, the Sendai Framework for Disaster Risk Reduction, the New Urban Agenda – including its Subregional Action Plan for the Caribbean⁴ – and the SIDS Accelerated Modalities of Action (SAMOA) Pathway. In addition, Regional Agenda for Inclusive Social Development recognizes the contribution of an adequate standard of living to build resilience to climate-related risks and disasters (ECLAC 2020b).

Adequate housing in the Caribbean context

Overcrowding, inadequate or unsanitary living conditions and environmental degradation can contribute to the spread of diseases, as exemplified by the difficulty of controlling the spread of COVID-19 in informal settlements. Moreover, they contribute to other social ills, such as domestic violence, crime, and the continuation of poverty cycles (IDB, 2017). In the Caribbean, low-income households are especially overburdened by housing despite a sharp decline in the real estate market prices, mainly after the global oil price fall of 2014. As a result, the housing deficit has remained high while unemployment and poverty rates increased. The lack of affordable housing severely affects youth by increasing the dependency ratios, as they struggle to find suitable affordable housing alternatives.

³ The subregion is, however, very heterogeneous. Partly due to recognized challenges in the statistical definition of urban areas and partly due to geographical and socioeconomic constraints, the Caribbean urban population varies widely from 100% in the Cayman Islands and Sint Maarten to less than 10% in Montserrat (ECLAC, 2020a).

⁴ The Subregional Action Plan for the Implementation of the New Urban Agenda in the Caribbean (2016–2036) recognizes the unique and emerging challenges of the Caribbean. In addition to the principles of action laid down at the regional level (inclusive cities, sustainable and inclusive urban economies, urban environmental sustainability and effective and democratic governance), guiding principle 5 (Resilient communities, cities and territories) highlights the importance of minimizing vulnerability and disaster risk.

A limited supply of affordable housing can be a significant obstacle to new household formation and significantly contributes to urban overcrowding and economic dependency on family members.

Table 1: Types of temporary emergency housing measures introduced in CDCC countries in response to COVID-19

Type of measure or support	Countries
For homeowners	
Freeze mortgage payments	Aruba, Barbados, Haiti, Saint Kitts and Nevis, Trinidad and Tobago
Deferral of credit interest payments	Cuba
Mortgage/Debt relief	Dominica, Grenada, Guyana, Jamaica
For tenants	
Rental Assistance	Bahamas, Trinidad and Tobago
For all households (regardless of tenure)	
Guarantee of basic services (Deferment of utility payments and/or assured continuity of service even if payment is missed)	Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines
VAT removal on water and electricity (Utility support – Tax Relief Measures)	Guyana

Sources: ECLAC Social Development Observatory and COVID-19 Observatory [online databases].

Note: table also includes ECLAC associate member States.

More recently, residents in informal settlements found themselves at the forefront of the battle against COVID-19. The pandemic has severely hit those living in poor quality housing or unsafe conditions (such as overcrowding, deficient access to water, or homelessness). In addition, people affected by unemployment require government assistance to cover their monthly rents, mortgages or utility payments. The COVID-19 crisis highlighted the urgency to address persistent housing vulnerabilities and homelessness, prompting many governments to introduce emergency housing support measures (see table 1).

Policy challenges

The remarkable growth of the Caribbean urban population in recent decades (DESA, 2018) presents multiple policy challenges in enacting measures to address the need for resilient housing and sustainable development. Rapid urbanization can significantly increase the number of persons at risk when its pace is not accompanied by formal planning, leading to uncontrolled and densely populated informal settlements in hazard-prone areas.

Climate change impacts multiply existing challenges to countries' resilience in coastal protection, biodiversity, access to potable water, energy, and food security. The high concentration of settlements near the coast, many of them in low-lying areas, increases vulnerabilities to coastal floods, storm surges and inland flooding. Other factors that precipitate or exacerbate vulnerability and can quickly become either causes or consequences of unaffordable and non-resilient housing are poverty, disease, NCDs and COVID-19.

The countries of the subregion face many socioeconomic challenges, which housing policy measures should address. These challenges include social mobility barriers, varying degrees of homelessness⁵ and squatting, limited access to funding for potential homeowners from low-income sectors, and the absence of building codes and regulations. These socioeconomic challenges make it more challenging to implement housing policies that ensure disaster risk resilience and lower the gap between the supply and demand for housing. Nonetheless, Caribbean countries have addressed

⁵ Further to homelessness driven by poverty, land tenure issues and individual vulnerability, disaster-induced homelessness is also a serious issue in the Caribbean. In Haiti alone, of the more than

2 million affected survivors, more than 1.5 million were left homeless following the 2010 earthquake.

housing deficiencies in their National Development Plans and have established PPPs seeking to close the housing market gaps. However, of the sixteen analyzed countries, only eleven have policies or legislation directly addressing housing access.⁶

Caribbean countries seek to alleviate barriers to accessing housing through legislation or policies that either grant possession, tenantry purchase, or facilitate affordability. In addition, due to the region's vulnerability to climate change, resilient and sustainable infrastructure is prioritized to mitigate the effects of extreme events and disasters. However, only seven countries examined have policies, legislation, or both that explicitly address resilient and sustainable infrastructure.⁷

Common features of CDCC countries' housing markets that pose policy challenges include:

- **Long lead times to implementation.** There are long periods between the conception and execution of housing projects and granting permissions for their development. Furthermore, government-run national housing agencies and programmes typically have long waiting lists of prospective tenants and purchasers. These drawn-out periods exacerbate housing accessibility issues.
- **Insufficient regard for diversity and vulnerability.** Most housing programmes target middle- and low-income families. However, these programmes do not address the needs of specific vulnerable groups, such as homeless individuals, persons with disabilities, female-headed households, or victims of gender-based violence.
- **Lack of integrated approaches.** Governments' siloed approaches to housing policy impede information flow between ministries or agencies in a manner that

addresses the underlying causes of housing deficits. In addition, the lack of integrated approaches often increases reliance on government spending for citizens to access affordable housing.

- **Economic barriers to housing access.** Caribbean countries recognize the issue of the economic obstacles preventing access to adequate housing, such as unemployment and underemployment, the cost of land, and high utility prices.
- **Supply shortages.** A prevalent issue in the Caribbean housing market is the discrepancies between housing demand and supply. Nevertheless, the financial inputs for new housing construction and upgrades over the next two decades present considerable challenges. Average household sizes are declining due to migration or a decrease in birth rates, and the number of single-person households is increasing, particularly in urban areas. In addition, the breakdown of the extended family translates into increased demand for housing. Hence, there is a need to address the changing patterns in household structure.

Against these longer-term structural challenges, the COVID crisis may be an opportunity to redress the Caribbean housing affordability crisis that existed well before the pandemic. As part of a cohesive and transformative recovery strategy, there is a need for renewed public investment in resilient and affordable housing.

⁶ Antigua and Barbuda, Bahamas, Barbados, Dominica, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

⁷ Antigua and Barbuda, Bahamas, Barbados, Dominica, Haiti, Jamaica and Suriname.

Resilient and affordable housing policy

Combined strategies may address Caribbean SIDS's multidimensional challenges within broad public-private sector coalitions, as expressed in figure 2.

Housing as a right to the city. In accelerating durable solutions for the housing crisis, policies need to institutionalize housing and sustainable development planning as two sides of the same coin. Planning alone cannot solve the housing crisis, but it is impossible to promote adequate housing solutions without an appropriate sustainable development framework. The housing crisis is, first and foremost, the result of social injustice, poverty and imbalances in economic growth, which policy measures ought to address.

Methodologies of public participation support measures for social inclusion regarding housing policy. Participatory approaches are a way to integrate citizens' voices and reach vulnerable groups, such as children, the elderly, persons with disabilities, and indigenous communities. Moreover, these approaches promote gender and youth mainstreaming. Participatory methodologies are also vital to engaging communities and tapping into their creative potential at the earliest stages of program design.

Advancing policies that address the housing deficit requires an ambitious multi-stakeholder approach that includes public agencies, the private sector, the banking industry, and housing associations. Caribbean governments recognize the housing deficit and have, over the years, invested in multiple initiatives designed to address it. However, the full extent of the shortage is a challenge that requires additional measures that must go beyond quantitative measurement and consider qualitative housing typologies. Containing urban sprawl, and providing access to basic urban services and mobility, are all part of a common sustainable urbanization approach.

Affordable housing and territorial compactness.

Social and public housing schemes remain a viable option, offering housing at submarket prices to support lower-income households. Such housing options should reinforce efficient urban densification and regeneration, which reduce housing costs and their environmental impact. Such policies can be part of a subnational housing strategic plan and other measures addressing low-carbon planning, community resilience, and cultural revitalization through private and public sector investment. Promoting efficient housing units through urban infill can revitalize the housing market and urban centres.

Furthermore, governments should consider rental market measures parallel to public housing schemes, as home ownership is not a universal desire. Moreover, homeownership is not always the most socially or economically efficient way of ensuring access to affordable housing. Providing rental subsidies for low-income provides greater flexibility in access to affordable housing and can help close the gap between supply and demand in the housing market (Gilbert et al., 2011).

Slum upgrading and investment in the informal

sectors. Slum upgrading policy measures to improve the housing conditions in informal sectors can include important complementary components contributing to the realization of the right to adequate housing. These complementary components include legal protections for housing tenure and considering women's rights and other historically disadvantaged groups in tenure schemes to promote their full and meaningful participation. In addition, slum upgrading policies should address land registration systems and ensure basic urban services. Nevertheless, strengthening social policies, such as incentivizing social support schemes and job creation measures through the support to small-scale entrepreneurship and removal of regulatory or fiscal obstacles, help promote the growth of local economies and alleviates poverty.

Figure 2: Financing options for affordable housing in the Caribbean



Source: ECLAC.

Social policies that strengthen slum upgrading policies also include investing in social safety nets, health care, and educational opportunities, focusing on urban at-risk youth and other vulnerable groups.

Financing affordable housing in the Caribbean.

The demand for resilient and affordable housing in the Caribbean requires a closer look at innovative housing mechanisms (in this regard, see figure 2 on traditional and innovative means of financing). In addition, member States can enact several policies either as stand-alone measures or in combination with others to bring the necessary investments into affordable and resilient housing at the country level. Part of the capital for such investments can come from the Adaptation Fund, making financial resources available for affordable and climate-resilient housing (Neunuebel et al., 2021). Indeed, climate financing and climate-resilient housing solutions may resonate in multilateral efforts to build back better and greener.

Furthermore, innovative urban transport policies and investments in the Caribbean go hand in hand with measures to address the housing crisis. These urban transport policies include combining pedestrian pathways with cycling and energy-efficient transportation modalities, especially in densely populated urban areas. Effective and sustainable mobility systems can revitalize the housing sector and offer more accessible access to goods and services, collaborating to achieve resilient, green, and inclusive communities.

Policy recommendations for resilient and affordable housing

Hurricanes Ivan in 2004 and Maria in 2017 heavily reduced the housing stock in many Caribbean countries, especially in Grenada and Dominica, exemplifying the pressing regional need for affordable and resilient housing policies. In response to this and other factors highlighted in this policy brief, ECLAC makes the following policy recommendations for the consideration of member States:

- Develop and implement national housing policies, building codes, social policies, and financial schemes to promote resilient and affordable housing targeting low-income households and the most vulnerable groups.
- Enable participatory planning and community-driven design for disaster risk reduction. Housing sites should promote compactness in carefully chosen low-risk areas.
- Invest in the existing housing stock. Refurbishing programmes and incentives to reuse vacant buildings can positively support rehabilitating historical centers and other urban areas well-served with basic infrastructure.
- Support research on climate resilient housing, including locally sourced and climate-adjusted materials resistant to extreme weather events, earthquakes, and heavy ashfall. For example, investment in community rainwater harvesting technologies forms part of resilient and low emission housing policy measures, among other green technologies.
- Develop and update construction standards and building codes. Governments should adopt local and indigenous knowledge on affordable, resilient, and sustainable construction techniques to building codes. Unfortunately, many countries have outdated building codes dating to colonial times, which impose impractical and unattainable building standards for people with low purchasing power.
- Even after project completion, support locally-driven community development initiatives to adapt to climate change's impacts, pandemics, and other disasters and risks. These initiatives include housing cooperatives, self-managed solidarity funds, or digital solutions to manage disaster risk.
- Offer training support on resilient and sustainable housing technical assistance to potential property owners and builders or those engaged in building at a community level. Most building in CDCC countries is informal.

However, the building of informal housing does not conform to any construction standard and can, in some cases, be of poor quality, making them highly vulnerable during a disaster.

- Consider alternative financing options. Effective implementation of new housing units will require the development of joint venture programmes and PPPs in collaboration with international agencies, international non-governmental organizations and multilateral development banks.
- Promote insurance mechanisms and evaluate the current housing insurance market, including coverage for natural disaster risk.

Conclusion

The right to adequate housing is not only a human right but also a determinant of socioeconomic development. Addressing the urban gap goes beyond building four walls and a roof. It includes protections against forced evictions, security of tenure, the availability of services and infrastructure, affordability, habitability, accessibility, location, cultural adequacy, and climate resilience. In other words, housing is not adequate until it incorporates the right to the city.

If housing market prices and rents remain high, affordable housing remains out of reach to most individuals from low-income households.

Therefore, affordable housing is a critical component of socially inclusive development and is crucial for a greener and more equitable disaster- and pandemic-resilient recovery process in the Caribbean. However, there are significant variations in how CDCC countries approach housing policy. Overall, the 16 countries covered in this analysis could benefit from policy measures targeting the most in-need and vulnerable social sectors, faster administration of housing programmes, and improvements in addressing affordable housing diversity in typologies and schemes.

CDCC countries have policies and legislation addressing and regulating physical planning, urbanism, land use, state acquisition of lands, property, and landlord-tenant relations. However, there are essential discrepancies and deficits regarding the policy measures to address the need for access to affordable, resilient, and sustainable housing in the Caribbean. Funding availability, especially for low-income sectors, is a significant deficit. Governments must employ new and innovative financing mechanisms to make effective housing policy measures. However, regionally adjusted policy measures must include multiple stakeholders nationally and internationally when developing the appropriate policy and legislative frameworks for developing resilient and affordable housing in the Caribbean.

Bibliography

- Camarinhas, Catarina and Ivica Trumbic (2022), “A review of the status of institutional mechanisms for sustainable development planning in the Caribbean”, Studies and Perspectives series-ECLAC Subregional Headquarters for the Caribbean, No. 107 (LC/TS.2022/16-LC/CAR/TS.2022/1), Santiago, ECLAC.
- CDB (Caribbean Development Bank) (2016), *The Changing Nature of Poverty and Inequality in the Caribbean: New Issues, New Solutions*.
- ECLAC (Economic Commission for Latin America and the Caribbean) (2021a), *Disasters and inequality in a protracted crisis: Towards universal, comprehensive, resilient and sustainable social protection systems in Latin America and the Caribbean* (LC/CDS.4/3), Santiago.
- _____ (2021b), *Resilient institutions for a transformative post-pandemic recovery in Latin America and the Caribbean: Inputs for discussion* (LC/CRP.18/3), Santiago, ILPES.
- _____ (2021c), Caribbean Urban Forum - Report of the session on “Sustainable urbanisation: bridging the digital divide, from knowledge to action”, 17 June 2021.
- _____ (2020a), *Planning for resilience: an integrated approach to tackle climate change in the Caribbean* (LC/CAR/2020/1), Santiago.
- _____ (2020b), *Regional Agenda for Inclusive Social Development* (LC/CDS.3/5), Santiago.
- _____ (2019), *Planning for sustainable territorial development in Latin America and the Caribbean* (LC/CRP.17/3), Santiago.
- _____ (2017), *Subregional Action Plan for the implementation of the New Urban Agenda in the Caribbean: Prioritizing regional challenges and opportunities (2016-2036)*, ECLAC, MINURVI, UN-Habitat.
- Gilbert, Alan, et al. (2011), *A Policy Guide to Rental Housing in Developing Countries*, Quick Policy Guides Series – Volume 1, Nairobi, United Nations Human Settlements Programme.
- IDB (Inter-American Development Bank) (2017), *Comparative Project Evaluation of IDB Support to Low-Income Housing Programs in Four Caribbean Countries, Office of Evaluation and Oversight (OVE)*.
- McHardy, Pauline and Michael G. Donovan (2016), *The state of housing in six Caribbean countries*, Washington, DC, Inter-American Development Bank.
- Mycoo, Michelle, and Michael G. Donovan (2017), *A Blue Urban Agenda: Adapting to Climate Change in the Coastal Cities of Caribbean and Pacific Small Island Developing States*, Washington, DC, InterAmerican Development Bank.
- Neunuebel, C., Sidner, L., & Thwaites, J. (2021), *The good, the bad and the urgent: MDB climate finance in 2020*, World Resources Institute (WRI).
- OHCHR (UN Office of the High Commissioner for Human Rights) and UN-Habitat (2009), *The Human Right to Adequate Housing*, Fact Sheet No. 21/Rev.1
- United Nations, Department of Economic and Social Affairs, Population Division (2018), *World Urbanization Prospects: The 2018 Revision*.