



**Jamaica  
Developers  
Association Ltd.**

**March - May 2021**

# NEWSLETTER



## THE JAMAICA MORTGAGE BANK & JAMAICA DEVELOPERS ASSOCIATION



(Incorporated May 30, 1969)

Moderator



MR. HOWARD MITCHELL, C.D.  
Attorney-at-Law,  
Past President PSQJ

present a  
**Real Estate Webinar**

### *Developing Jamaica - Recovering Together 2021 and Beyond*

Opening Remarks



HON. PARNELL CHARLES JR., MP  
Minister of Housing, Urban Renewal,  
Environment & Climate Change

**Mortgage Financing Options... The Buying Process...  
The New Building Code... The Current Real Estate Market...**



**MR. COURTNEY WYNTER**  
General Manager  
Jamaica Mortgage Bank



**MR. PETER KNIGHT**  
Chief Executive Officer  
National Environment & Planning Agency



**MS. PETAL JAMES**  
Head of Mortgage  
JN Group



**MR. DONOVAN REID**  
President  
Realtors Association of Jamaica



**MRS. SANDRA WATSON-GARRICK**  
Chief Executive Officer  
Real Estate Board



**MR. ROOSEVELT DACOSTA**  
Building Code Consultant  
World Bank



**MR. KARL VENDRYES**  
Director  
Jamaica Developers Association



**MR. NOEL DACOSTA**  
Chairman, Building Code Committee  
Jamaica Institution of Engineers

**THURSDAY, JANUARY 28, 2021 9:30 AM - 1:00 PM**



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## Chairman's Message



On behalf of the Directors of the Jamaica Developers Association, I wish you a Happy Easter and Passover.

In these trying times, the famous opening paragraph of Charles Dickens' novel, *A Tale of Two Cities*, comes to mind *"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, ..."* (Para. 1, Line, 1).

These are the times we have and we must make them count for the benefit of our country. As Developers, we have a crucial role to play in the recovery from the pandemic that has wreaked such hardship. The industry has so far been able to hold its own and long may it do so.

The JDA continues to promote best practices among its members and to recommend changes to the regulators that will make the building approval process more efficient, transparent and sure.

In furtherance of these twin aims, the first of a planned series of informative Webinars was held on January 28, 2021. The people who participated expressed satisfaction with the presentations made: -

1. The New Building Code and its effect on the environment
2. The current state of the Real Estate Market in Jamaica
3. Mortgage Financing for development schemes and retail mortgage options for Prospective Purchasers
4. The Buying Process – Purchasers Guidelines

Thanks to my friend Howard Mitchell for taking on the role of Moderator; our past Chairman, Mr. Michael Lake for taking time out of his very busy schedule to co-host the event in my absence; the participants, sponsors, the planning and technical teams for their support and work.

The entire Webinar is available for review on the Jamaica Mortgage Bank website [www.jmb.gov.jm/realestatewebinar](http://www.jmb.gov.jm/realestatewebinar) and on YouTube. There will be another Webinar in the near future to which you will be invited.

I urge everyone to religiously follow the Covid-19 Prevention Guidelines published by the Ministry of Health and Wellness so that sooner, rather than later, we can get our lives back to a new normal. PLEASE KEEP SAFE!

**Dayton Wood**



JDA/JMB Webinar - (l-r) The Hon. Parnell Charles Jr. M.P., Minister of Housing, Urban Renewal, Environment & Climate Change & Climate Change; Mr. Howard Mitchell – Attorney-at-Law & Past President of the Private Sector Organization of Jamaica; Ms. Petal James, Chief of Branches, JN Bank and Mr. Courtney Wynter, General Manager, Jamaica Mortgage Bank

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## JDA Real Estate Development Webinar

**J**amaica Developers Association Limited and the Jamaica Mortgage Bank hosted its first online Real Estate Development Webinar on Thursday, January 28, 2021 in the large Board room of the Private Sector organization of Jamaica. The theme was **“Developing Jamaica – Recovering Together 2021 and Beyond.”**

**The Hon. Parnell Charles Jr. M.P.**, Minister of Housing, Urban Renewal, Environment & Climate Change & Climate Change gave the Opening Address.

The Webinar was moderated by Mr. Howard Mitchell – Attorney-at-Law and Immediate Past President of the Private Sector Organisation of Jamaica. Mr. Noel DaCosta participated as a panelist on the topic “the New Building Code and Climate Change”.

The following speakers provided useful information on key trends to our audience which comprised of Developers Realtors, Engineers, Architects, Attorneys, Building Suppliers, potential Purchasers, Financial Institutions and Students on the following topics:-

- Mrs. Sandra Watson-Garrick  
Chief Executive Officer, Real Estate Board  
**Real Estate Now and coming to your Neighbourhood**
- Mr. Donovan Reid  
President, Realtors Association of Jamaica

### **The current state of the Real Estate Market in Jamaica**

- Mr. Roosevelt DaCosta  
Consultant, World Bank

### **The Building Code and Climate Change**

- Mr. Peter Knight  
Chief Executive Officer, National Environment & Planning Agency (presentation made by Mr. Gregory Bennett, Director for Applications Management Division, NEPA)

### **The Environmental Impact of the New Building Codes**

- Ms. Petal James  
Chief of Branches, JN Group  
**Mortgage Financing options for development schemes and retail mortgage options for prospective purchasers**

- Mr. Courtney Wynter  
General Manager, Jamaica Mortgage Bank  
**Mortgage Financing for development schemes - Construction and Financing options**

- Karl Vendryes  
Director, Jamaica Developers Association  
**The Buying Process – Purchasers Guidelines**

Part proceeds from the event will be used to assist needy students in the Built Environment at the University of Technology

## *Congratulations to* **JAMAICA MORTGAGE BANK** **ON 50 YEARS OF SERVICE TO JAMAICA**

**T**he Chairman, Directors and members of the Jamaica Developers Association congratulate the Jamaica Mortgage Bank which will be celebrating its 50<sup>th</sup> Anniversary on June 2, 2021.

Development is a dynamic process and the Association commends the Bank on its work over the past 50 years in financing safe and affordable housing so that all Jamaicans can have access to home ownership.

The contribution of the Bank to the growth of the development of the real estate industry by financing housing projects in most, if not all parishes across the island has certainly brought its vision to life.

It is our hope that through continued collaboration, we will both achieve our mission of contributing to Jamaica's national development.



## Excerpts from Presentations

### JAMAICA MORTGAGE BANK: CONSTRUCTION FINANCING OPTIONS

*Mr. Courtney Wynter, General Manager*

In giving an overview of the Bank's financial performance, he stated that over the past five (5) years, 58 projects were assessed island-wide at an approximate value of \$26B, noting that JMB is poised to set a record in terms of project value written in the 2020/2021 COVID-19 year, exceeding its record set in the 2018/2019 fiscal year. Of particular note is an increased number of female developers entering the construction sector.

Mr. Wynter also stated that based on the Bank's internal data, housing development provided a fairly high return on investment second to only the equity market.

Continuing, he further referenced the government's commitment to facilitate 70,000 new housing solutions in the next 4 to 5 years which he estimated would require \$350B to 380B of funding to meet the mandate of mixed solutions.

He put forward the following as options for funding the supply side of construction:

– NHT: Provide a sizeable chunk of the \$350B to

\$380B (Housing construction spend estimated at \$12B annually (\$48B in 4 to 5 years)

- Private Developers from own resources estimated (\$30B)
- Other Government Entities (\$12B)
- Pension Funds (Explore Chilean Model) – Funds under management (2016 report) was approx. \$396B
- Selling off or Factoring a Portion of Mortgage Receivables Currently on the Books of major mortgage lenders (The Big Five has approximately \$400B of Mortgage Loan Receivables in a fairly liquid market)
- Create an RMBS Market (deepening of the securities market) – Package quality loans as security for investment vehicle purposes
- Financial Institutions need to take more calculated risk-reallocation of assets (The Big Three still hold some safe GOJ paper or CDs)
- Public Private Partnerships (PPP)
- Offer Diaspora Bonds to Jamaican investors overseas.



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## REAL ESTATE BOARD: DEVELOPMENT TYPES

*Mrs. Sandra Garrick, General Manager*

Mrs. Sandra Garrick advised that there has been an increase in the development of shared living or shared ownership arrangements. These include, in addition to strata or apartment units, townhouses, gated communities and mixed developments *i.e.* apartments and townhouses in a single development. These ownership arrangements are defined by the following main features:

- Shared physical structures such as a wall or roof;
- Shared use and ownership of amenities *e.g.* green spaces and recreational areas; and
- Shared cost of ownership *i.e.* maintenance fees

Some of these recent developments in the Corporate Area were facilitated by approximately JA\$1.5B (combined) in loans financing provided by the Jamaica Mortgage Bank. They include Mayfair Manor; Sherlock Manor; Edinburgh Apartments; Harmony Court; and Beconfield Apartments

### ***Development Types***

Continuing, she said that over the last five (financial) years, a total of 218 strata developments have been registered by the Commission of Strata Corporations. Of this number, 172 or 79% have been in Kingston and St Andrew, with only 46 (or 21%) in the remaining parishes.

These can be broken down as follows:

**Seventy-six (76)** private residential developments of over 20 units in the parishes of Kingston and St. Andrew, have been registered with the Board over the last five year. These represent a mix of traditional apartments and townhouses. Many of these are multi-storey developments of over three levels, and as many as 128 units in one case.

Some of these include:

52 units at 11A Waterloo Road, Kingston 10;  
57 units at 8 Dillsbury Avenue, Kingston 6;  
80 units at 20 South Avenue, Kingston 10;  
60 units at 10 Surbiton Road, Kingston 10; and  
99 units at 19-21 Braemar Avenue

### ***Drivers of Demand***

She said that one of the main drivers of housing demand, aside from the intrinsic need for shelter and the security of home ownership, is the access to financing.

Most recently, in 2016, the Government decreased interest rates for mortgagees across income brackets while also increasing loan ceilings. Both the National Housing

Trust and Building Societies/banks have made it easier for borrowers to combine their NHT portions with additional funding from the private lenders.

There are also additional drivers of demand, specifically for shared communities, *ie.* gated communities, townhouses, and strata/apartment units.

These include:

#### **– Modern Amenities**

Unlike traditional house lots, many modern townhouses, gated community and strata/apartment developments are being built with specific amenities such as pools, gyms and tennis courts. These are usually costly amenities (both costly to acquire and to maintain) which would be unattainable on an individual basis for the average middle income home buyer.

#### **– Security**

Many buyers appreciate a level of safety and security in having 24/7 monitored access to their property, as well as a single entry and exit point of access and the proximity of neighbours to alert the authorities.

#### **– Location *i.e.* proximity to Corporate Area**

City living has long since been attractive to home buyers, increasing not only demand, but cost. Buyers embrace being closer to places of employment, entertainment and the general hub of social and economic activity. This limits travel cost and time as well, when compared to living outside of the Corporate Area.

#### **– Size/space compromise**

Many see shared housing solutions as a logical or reasonable compromise between the space of a traditional house lot, and the quaint and compact features of an apartment. This is added to the fact they have they do not have to grapple with issues of individual ownership such as lawn/yard care.

### ***Challenges Of Shared Ownership***

She advised that there are some challenges of shared ownership that developers and purchasers may face or already face and these also provide challenges for government regulators. Some of these include:

1. Failure of Developers to properly handover developments
2. Lack of adequate Legislative Framework



3. Culture change needed towards shared living arrangements

#### ***Developer Handover***

Consistent with the Registration (Strata Titles) Act, in order to facilitate a smooth handover or transition to proprietors and a body corporate, it is critical that Developers, before disposing of all units in a strata property, do the following:

**Ensure that the Corporation is registered with the Commission** within 90 days of the plan being registered with the Registrar of Titles. This includes completing the registration form, paying the registration fee and the first annual fee (*S. 4 (4)*)

**Ensure that a realistic maintenance budget is prepared** that would indicate the likely cost to maintain the property (*S. 5 (2) (a)*).

**Apportion cost to each unit by unit entitlement** and ensure prospective purchasers are advised of the likely maintenance cost for the year (*S. 5 (2) (a)*) so he can budget for the same.

**Conduct the first Annual General Meeting.** As the sole owner of the development, the AGM must be held within three months of the initial registration with the Registrar of Titles. All decisions of this meeting are to be minuted. (*By-Law No 4 – First Schedule*)

**Pass resolution regarding peril insurance** for the building including whether or not to insure. If a resolution is passed, then a decision is to be taken on the policy provider and premium (apportioned by unit entitlement). (*S. 5 (1)*)

**Elect an Executive Committee for the Corporation** consisting of three (3) to nine (9). If there are less than 3 proprietors, then all owners are members of the Executive Committee (*By-Law No. 13-14*)

**Provide each Proprietor with a copy of the registered (at NLA) by-laws or the generic by-laws**, where no by-laws have been registered by the developer (*S. 9*)

**Ensure that a copy of the Strata Plan is also made available** to all proprietors

**Ensure that a mailbox is erected in a conspicuous location**, bearing the Corporation number *i.e.* proprietors strata plan. (PSP number)

**Provide a copy of electrical and plumbing drawings**

#### ***Lack Of Legislative Framework (Gated Communities)***

At present there is no legislation in place to regulate the operation and administration of gated communities in Jamaica that are not strata corporations. This is despite the fact that many of these communities have the same challenges as strata corporations.

These would address:

- The absence of a formal legal mechanism for the organization of owners into a suitable entity with the requisite powers to levy and enforce maintenance costs on property owners (*i.e. a body corporate*)
- The use or adoption of a set of agreed and voted by-laws to address a range of internal issues such as noise, use of common space, access to units for maintenance and other (emergency) purposes, the keeping of pets etc.
- A formal dispute resolution mechanism to address disagreements between proprietors or individual proprietors and the executive/administration
- A structured and organized executive body to address other administrative issues, separate from the collection of maintenance, such as the holding of meetings, voting, budgeting, provision and sourcing of services etc.
- At present, the government is currently reviewing legislation to govern gated communities. The soon to be merged Real Estate Board/Commission of Strata Corporation is expected to be given regulatory authority of this legislation.

This follows a series of public consultations and public fora with key stakeholders including: (conveyancing) attorneys, real estate professionals, Municipals Corporation representatives, public service providers such as the National Solid Waste Management Authority *etc.*

The Registration (Strata Titles ) Act regulates the administration that exists within **a single strata plan or complex.**

- Mixed-communities *e.g.* Unions Estate in St Catherine, which consists of multiple individual strata corporations and non-strata properties (town-houses) operate in a legal void, as there is no legal framework binding all proprietors in an enforceable obligation to pay maintenance for shared spaces and amenities

### ***Culture Change Towards Shared Living Arrangements***

Mrs. Garrick also spoke about the culture change towards shared living arrangements, and advised that while there is a gradual shift, there is still a failure of too many owners to appreciate the difference of individual effect vs. collective responsibility. This change in culture would manifest itself in active participation in the management and affairs of the property, payment of fees, and general harmonious living with few(er) disputes.

The most common result of a failure of management in shared living arrangements is related to the inability to collect maintenance fees in a consistent and timely manner.

This has negative implications for a property to maintain its appearance including painting, maintenance of green spaces and recreational areas, and general upkeep.

Publicly-developed (government) Strata properties have shown a tendency to be established as lower income developments, where maintenance is (initially) subsidized. These sometimes fall into disrepair after being fully handed over, or experience other related challenges. These include:

- The misuse of public space i.e. unauthorized additions, placement of large personal items in public spaces such as water tanks, and derelict vehicles, cordoning off of public space for personal/private use.
- There is also an inconsistent approach to maintenance and beautification which leads to mismatched and uncoordinated exterior including grille work, awnings and paint jobs

In ending, she advised that the way forward towards positive change includes:

- The strengthening of the regulatory framework through Amendment of the current legislation and the passage of new ones.
- Public education toward the requirements of current legislation governing shared living e.g. the submission of Annual Returns, use of dispute resolution, Status Certificates and Power of Sale mechanisms
- A gradual culture change towards civic pride and responsibility in shared and individual ownership.
- **Development of workshops for developers as the Board saw a 350% increase in the number of complaints against developer in 2020.**



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## REALTORS ASSOCIATION OF JAMAICA: CURRENT STATE OF THE REAL ESTATE MARKET

Mr. Donovan Reid, President

The presentation by Mr. Donovan Reid was centered around the current state of the real estate market. He advised that it was a seller's market for lower income houses in the region of (\$7m - \$25m and that the supply of new housing solutions is far below demand.

- The mid-range (\$25-\$40m) – trending towards a balanced market
- The upper end (\$40m –and above) - buyer's market

### *The Way Forward – Realtor's Perspective*

- 15,000 new housing units needed annually versus the 11,152 being built
- Average size of 600 – 1000 sq. ft. commercial spaces needed in major towns
- Maintain the low interest rate regime for loans from

both public and private lending institutions

- Manage: economy/foreign exchange rate
- Public/Private Sector Partnerships
- Tax incentives for building materials
- Explore cost-effective alternative building methods
- Developers should use the improved highway network and new Economic Zones to guide the locations of new developments.
- Developers should be incentivized by the government to target low-middle income units for new developments.
- The downturn in the Airbnb segment will cause a shift in the rental housing stock back to long-term rental.

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## JAMAICA DEVELOPERS ASSOCIATION : THE BUYING PROCESS – PURCHASER’S GUIDELINES

Mr. Karl Vendryes, Director

In his presentation , Mr. Vendryes highlighted some of the guidelines purchasers should follow when purchasing a house:-

- **Location**

Purchasers should research their ideal or next best location and should take in to consideration:

- commute to work or school
- family member requirements – distance to university as children mature
- nearby hospital for older members of the family
- nearby amenities

- **Mortgage:** Check out Mortgage Providers. *Shop around for best rates;* Affordability of mortgage payments *based on current income*

- **Maintenance costs**

- **Budget**

In addition to factoring cost for purchasing a house, it is important for the purchaser to set aside an additional 6% of the purchase price to cover the cost of Professional Fees. These include:-

An Attorney, Land Surveyor and a Valuer

Continuing, he said that a purchaser should look for houses on the Open Market; New Home built by a Developer; House, Townhouse or Apartment; Lot Purchase or Building the home with a contractor

They should also conduct a property search by :

- Driving around their target area and *look for* “for sale” signs .
- See if there are developments taking place in the area
- View Real Estate Brokerage websites
- Search in their price range and ideal locations
- Select a few properties to view
- Check with Mortgage lenders for houses that have been put up for auction in the area.

He then outlined the rules governing the use and occupation of property purchased :-

**House** – Budget; Savings; Deposit; Single family houses or Lots

Continued on page 12

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## JAMAICA DEVELOPERS ASSOCIATION : THE BUYING PROCESS – PURCHASER’S GUIDELINES

continued from page 10

**Townhouse** – Townhouses have covenants as well as bye laws. This is usually outlined in owner’s agreements that provide regulations for the maintenance of the complex.

**Apartments** – Strata titles are governed by PSP regulations outlined in the Strata Plan Act.

These rules are enshrined in law and are monitored by the Commission of Strata Corporations.

**Conditions to be noted when purchasing a house from a Developer:**

- Start and finish date for construction
- Escalation clause in the contract
- Estimated delivery date for your unit
- Estimated monthly maintenance contribution
- Schematics
- Regulations
- Post Property Selections



Mr. Courtney Wynter, General Manager, Jamaica Mortgage Bank and Ms. Petal James, Chief of Branches, JN Bank during their presentations at the JDA/JMB Webinar.

### UPCOMING EVENTS

SAVE THE  
DATE!

**REAL ESTATE DEVELOPMENT WEBINARS:** Date to be announced

**ANNUAL GENERAL MEETING:** July

**MEMBERSHIP MEETING:** October



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