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WEALTH CREATION THROUGH HOME OWNERSHIP

Introduction

In the words of one commentator, as he drove around the country on a recent visit home, “Saint Vincent and the Grenadines is a permanent exhibition in houses”. This is the reality across this country, from Fancy in the North to Union Island in the south, as Vincentians invest in houses and the beauty and majesty of these homes are displayed. Interestingly enough, this was not the case twenty years ago as many of our hard-working citizens especially those employed in the public sector found it extremely difficult to buy or build houses. Since the coming to office of the Unity Labour Party, so rapid has been the transformation right before our very eyes that it is hard not to notice even for the most adamant of deniers. The housing revolution that occurred in this country, under the leadership of Comrade Ralph, who had a very clear vision from the very beginning, has expanded home ownership and increased the housing stock in this country by more than 60% in 20 years. This feat was not achieved by guess-work and coincidence, but it was the result of a clear vision, and deliberate plan and the proper execution of that plan. The housing revolution that has taken place is built on three pillars that would be examined briefly; a land reform program, 100% mortgages to public servants, teachers, police and nurses and the low income housing

project. These three pillars of the housing revolution have together presented an excellent opportunity for Vincentians to own their first home and greatly increased and improved the housing stock here in this country.

Turning Dead Capital to Live Capital

As part of the government's land reform program, the Comrade Ralph lead ULP government approached this in two ways: Firstly it offered title to individuals living informally on government lands and secondly, identified parcels of lands owned by the government to be sold at prices below market value. This particular initiative hit at the heart of poverty reduction, impacting positively many individuals who may have began their domestic settlement either by "squatting" or who may have inherited property from parents who before them began the informal settlement. What was clear in their situations was that they were unable to use the property they lived on, in many instances for decades, as they didn't have title. The brilliance of the expression that embodied the policy "turning dead capital to live capital" immediately offered a clear indication of the intention of the policy. These homeowners were sold the lands they were inhabiting at prices as low as 10 cents per square foot, making it extremely affordable for them to purchase the land and finally own the title. Now having ownership of the title for the land many were able to use the title to approach lending institutions, to access finance to start a business, finance the education of a child, or for home improvements. What the policy did

immediately through the regularisation of title for those individuals, was to offer an opportunity for wealth creation.

One Hundred Percent Mortgages

The game-changing impact of this policy on home-ownership especially for workers in the public sector in the first instance cannot be over-emphasised. Prior to 2001, one of the requirements of financial institutions regarding mortgages was that a mortgagee could only access between 80%-90% of the mortgage needed to finance their home. This presented much difficulty for potential homeowners as many including young professional and junior or mid-level public servants, police, nurses and teachers may not have accumulated the savings necessary to cover the additional funds needed. The ULP government immediately, recognising this situation, began offering 100% mortgages to public servants, police teachers and nurses through the National Commercial Bank. This led to many of these workers finally being able to access the full financing needed to acquire their first home. There was also a knock on effect, as other lending institutions readjusted their policy to also offer 100% mortgages to the same category of workers, and eventually to its the current situation where it is offered across the board to potential homeowners. It is now easier in SVG, to access financing to build your first home, than to buy a car and many Vincentians continue to take advantage of this opportunity provided through a policy of the ULP government.

Low and Middle Housing

One of the campaign promises of the ULP during the 2001 election season was that it would build 500 low income houses within its first term of office. That promise has led to new housing communities in Fitz Hughes, Peters Hope, Clare Valley, Green Hill, Diamond San Souci and Byrea (Manning Village). The construction of houses for low income earners allowed many Vincentians whose income may have been too small to enable them to own a home independently, to be given that assistance by the government. The program was so popular, with significantly high levels of demand, that it was extended to include the construction of houses for middle income earners, a lot of whom were young professionals starting out on their first home. This housing program by the ULP administration remains the largest ever such program by any government in the history of this country and may well be across the region. Many of these houses built by the government and sold to middle and low income earners, have since been improved or extended to add personal touches of the homeowner and remain an object of pride for those individuals.

Conclusion

It is no coincidence that the rapid expansion in home ownership in this country, has occurred after 2001, since the implementation of the housing revolution that included, the granting of title to settlers, the provision of 100% mortgages to first time borrowers who work in the public sector and the construction of close to 1000 low and middle income houses across this country. This ULP administration, with the leadership of Comrade Ralph, remains committed to lifting the standard of Vincentians and recognises home ownership as one of the ways of doing this.