



Ministerial Statement
by
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Minister of Public Works

The Bermuda Housing Corporation
Residential Rental Unit Renovation Programme

Friday, October 7th, 2022

Mr. Speaker, I rise to bring extremely positive news in relation to an election pledge made by this Government in its 2020 Election Manifesto - to improve the quality of life for all Bermudians.

Mr. Speaker, honourable colleagues in the Chamber today and the listening public shall already be acutely aware: housing prices, mortgage interest rates and rental prices have been on a continuous rise worldwide.

In Bermuda, the monthly rental rates range as follows:

- For a studio apartment – \$1,100 to \$1,800 per month;
- For a one bedroom apartment – \$1,500 - \$2,000 per month;
- For a two bedroom apartment – \$2,200 - \$3,000 per month; and
- For a three bedroom apartment – \$3,200 - \$5,000 per month

Mr. Speaker, there is no denying that our Island has an extremely high cost of living – routinely in the top 5 in the world.

I ask members of this Honourable House – do we expect families to pay these exorbitant rates in comparison to their monthly income just to have a roof over their head, while in addition paying high utility bills (energy, internet and phone), high fuel costs and paying the ever increasing grocery costs to simply survive in a modern world?

The simple answer is no... this administration does not expect hard working families to live in this manner – without help from their government.

While I fully support my Cabinet colleague, the Deputy Premier and Minister of Home Affairs in tabling the Fuels Act 2022 for the purpose of protecting the interests of consumers by ensuring fuel prices are fair and transparent – the Government realises that this is not enough to combat the heightened cost of living. Having frozen the price of fuel at the pump in February – more needs to be done – such as the duty reductions on essential goods.

Therefore **Mr. Speaker**, I am pleased to announce that in addition to our efforts to assist in lowering the cost of living, the Cabinet has recently approved Phase I of a new housing initiative - a renovation scheme of 137 older housing units owned by the Bermuda Housing Corporation (“BHC”) to increase the amount of affordable housing options for Bermudians.

Mr. Speaker, I would like to remind colleagues that the mandate of the BHC is to provide affordable, quality and adequate housing and to promote home ownership to all Bermudians. The corporation operates 700 residential rental units and is currently at maximum capacity with a waiting list of approximately 129 families (inclusive of single individuals) – a list that is ever increasing.

Mr. Speaker, since January 2022, the BHC has been engaging in renovation works to several properties under its remit. As of September 2022, seventeen (17) units have been renovated and returned to the rental unit stock – thirteen (13) units as part of the routine maintenance programme while, four (4) units have been completed under the Government’s Economic Stimulus Programme. Through the Economic Stimulus Programme, a further thirteen (13) units are still under renovation in varying stages of completion – either awaiting planning approval from the Department of Planning or awaiting the conclusion of a procurement process.

Mr. Speaker, this Government realises that this is not nearly enough to address the aforementioned waiting list.

To that end we can report that the BHC has 137 older housing units that are in need of renovation to bring them up to the relevant building codes – 60 of these units are occupied, while the remaining 77 are out of service and will be added as new units to the inventory. This work will extinguish the entire vacant and derelict units owned by the Corporation.

Mr. Speaker, I know I have just announced numbers...so let me recap for those that may be following:

- The BHC has 700 units that are presently occupied – the maximum capacity;
- This Renovation Programme as approved by the Cabinet will provide an additional 77 units to the inventory –bringing the total amount of rental units to 777.

Mr. Speaker, to adhere to its mandate of providing affordable housing, the BHC will continue to use the Rent Geared to Income based scheme which is capped at 35% of the total household income for these additional rental units. This system allows for low and middle class income families to afford a quality standard of living as well as save 10% of their household income.

Mr. Speaker, for emphasis – that’s 77 additional affordable rental units set to be available through this Residential Renovation Programme and the Economic Stimulus Programme – though the Ministry and the BHC are working diligently to continue increasing the stock.

The total cost of the programme is estimated at \$21,605,000.00 and will be spread over the next 3 and a half fiscal years - with an initial \$4,250,000.00 Capital Grant set to be given to the BHC forthwith for the commencement of the programme. The remaining funds will be requested through the relevant year’s budgetary process.

Mr. Speaker to be more fiscally prudent in the completion of the programme, the Cabinet also waived all Customs Duty fees associated with the importation of goods required with an estimated savings of \$3,240,750.00.

Mr. Speaker, in its 2020 Election Manifesto under the category for ‘Improving the Quality Of Life for All Bermudians’ – this Administration pledged to continue increasing the stock of affordable housing throughout the country, expand rent geared to income programmes and construct residential developments in the Economic Empowerment Zone to increase the supply of quality, affordable residential accommodation and drive down rental costs.

This renovation plan does just that ... the first phase of addressing affordable housing needs.

Mr. Speaker, the next phases of this plan will include the development in the Hamilton Economic Empowerment Zone, the construction of affordable units for sale and the expansion of the Private Sector Rental Programme. This programme allows for privately owned units to be rented to the Bermuda Housing Corporation – with guaranteed rent and intervention by the Corporation when tenants do not honour their commitment. The rates are less than market rates but the rent is guaranteed to be paid on time and the unit returned to its original state at the conclusion of the tenancy. Separately, we are looking at new ways to address the privately owned vacant & derelict properties to bring them back online.

It’s been more than 10 years since there was any type of building programme – the Perimeter Lane Condos was the last construction carried out by the Corporation – none occurred during the OBA term – so we are starting again to increase the inventory.

So, **Mr. Speaker**, I join the Bermuda Housing Corporation Board, Management and staff in expressing our delight that funding has been provided for this initiative and we can further deliver on the BHC mandate of providing affordable housing for Bermudians.

Thank you, **Mr. Speaker**.