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PRESS RELEASE

Housing remains unaffordable for most Caymanians, and government programmes are not delivering value for money

The report, *The government's approach to improving access to affordable housing*, was issued today by the Office of the Auditor General (OAG).

The report assesses the Government's approach to improving access to affordable housing over the six years from 2019 to 2024. It examines strategic direction and oversight, the value for money of the Government's six affordable housing programmes and initiatives, and the Government's oversight of the rental market.

Patrick Smith, Auditor General, says, "Affordable housing is a global issue and one of the most pressing challenges facing the Cayman Islands. Between 2019 and 2024, the population grew by 27 per cent, property prices rose by approximately 57 per cent, and average rents rose by 42 per cent. Combined these factors are putting significant pressure on the availability and affordability of housing for many Caymanians."

The report states that the international definition of affordable housing is housing costs, including utilities and other related costs, being no more than 30 per cent of gross income.

The Auditor General says, "The affordability gap is significant. In 2023, Caymanians earned, on average, $4,968 a month. This means they could afford to spend $1,490 a month on housing. However, the average rent in 2024 was $1,945 a month and the estimated mortgage cost for a two-bedroom home, at an average cost of $500,000, was $3,863 a month. Therefore, no matter whether renting or buying a home, the rental and mortgage costs alone are significantly above the affordability threshold for many Caymanians."

The report finds that one of the Government's own affordable housing programmes is unaffordable to the people it is designed to serve.

Mr. Smith says, "The National Housing Development Trust's (NHDT) new Affordable Housing Initiative targets lower-income Caymanians. However, we found that the housing costs and eligibility criteria mean these homes are also unaffordable for many." The Auditor General continues, "To qualify for an

NHDT home, a single applicant must earn no more than $4,500 a month. Although the property prices are cheaper, total housing costs are around $2,200 a month once utilities, insurance and other costs are included. This is 49 per cent of a single applicant's income; well above the 30 per cent threshold."

The report states that affordable housing has been a stated government priority since at least 2018, appearing in all four Strategic Policy Statements (SPS) covering 2018 to 2026, However, progress against those commitments has been limited.

The Auditor General says, "Despite affordable housing being a government priority since at least 2018, limited progress has been made. A significant contributor to this limited progress was the absence of a strategy, clear definition of affordable housing, or formal assessment of housing needs." Mr. Smith continues, "The Government published its first Public and Affordable Housing Policy in December 2025, and its 10-Year Strategic Plan was published in April 2026. This is a significant step forward, and I urge the Government to start implementing it as soon as possible. However, the policy and plan do not specify performance measures to demonstrate success. I encourage the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure to address this, and other gaps, as it develops its implementation plan."

The report concludes that the value for money of the Government's six affordable housing programmes and initiatives is limited.

Mr. Smith says, "Between 2019 and 2024, the Government spent almost $68 million on programmes to improve access to affordable housing. Of this, $41.5 million was in direct programme costs, including the construction of affordable homes. In addition, the Government provided $26.5 million of stamp duty waivers, reducing the cost of purchasing property for Caymanians. However, the value for money from these programmes is limited."

The Auditor General says, "Over six years, the NHDT delivered 36 affordable homes, and had a further 50 under construction at the end of 2024. However, the Sister Islands Affordable Housing Development Corporation (SIAHDC) delivered no homes at all during the period, although it started building four homes in 2025." Mr. Smith adds, "The NHDT completed another two projects under the Build on Your Own Property programme over the period."

The report states the waiting list for affordable homes is significant.

Mr. Smith says, "The demand for affordable homes significantly outstrips supply, and some people are waiting for years after they have been approved before they get a home. As at February 2026, the NHDT and SIAHDC had approved over 1,200 people across the Cayman Islands who were waiting for affordable homes. NHDT had 1,194 people on its waiting list, with people waiting an average of 3.6 years; one person had been waiting almost ten years. On the Sister Islands, 24 people were on the SIAHDC waiting list, waiting an average of 2.5 years."

The report states that in 2024, 52 per cent of properties were rented, up from 48 per cent in 2019. Over the same period, average rental costs have increased by 42 per cent.

Mr. Smith says, "By 2024, most households in the Cayman Islands were renting. However, the Government does not oversee or regulate the rental market. There are no minimum housing standards and no rental inspection regime, so there is no assurance that rented accommodation is adequate and safe. The *Landlord and Tenants Act (1998 Revision)* is almost thirty years old; it heavily favours landlords and provides limited protection for tenants. In 2009, Parliament approved the *Residential Tenancies Act* to replace it, which would have modernised tenant protection and introduced habitability standards, but it was never brought into force. I am pleased to note that the Government recently started consulting on the *Residential Tenancies Act* and urge them to bring this into force as soon as possible."

More information about the report can be obtained by contacting Patrick Smith at (345) 244-3204 or Angela Cullen, Deputy Auditor General (Performance Audit), at (345) 922-3220.

This report is available at www.auditorgeneral.gov.ky.

<u>Notes to the editor:</u>

1. The audit assessed the Government's approach to improving access to affordable housing. It covered the six years from 2019 to 2024 and focused on seven public bodies: the Ministry of Planning, Lands, Agriculture, Housing & Infrastructure; the Ministry of District Administration & Home Affairs; the Ministry of Finance & Economic Development; the Ministry of Social Development and Innovation; the National Housing Development Trust; the Sister Islands Affordable Housing Development Corporation; and the Cayman Islands Development Bank. See Appendix 1 of the report for more detail on the audit.
2. The United Nations and the United States Department of Housing and Urban Development define affordable housing as housing costs, including utilities, that are no more than 30 per cent of gross household income. The Government adopted a definition consistent with the UN definition for the first time in the Public and Affordable Housing Policy approved by Cabinet in December 2025.
3. The six programmes and initiatives covered by the report are the new Affordable Housing Initiative, the old Affordable Housing Initiative, the Government-Guaranteed Home-Assisted Mortgage, Build on Your Own Property, the Sister Islands Affordable Housing Development Programme, and stamp duty waivers. Appendix 2 of the report describes each of them.
4. The original audit scope included a question on the value for money of the Government's housing repair programmes. These will be covered in a separate report to be published later.
5. Appendix 3 provides a summary assessment of the affordable housing programmes and initiatives.
6. Appendix 4 provides details on the Office of the Auditor General's calculations and assumptions on housing affordability.