

Fiji Housing Markets and Housing Affordability

Executive Summary

As a more developed Pacific island country, Fiji faces its own pressure on lack of affordable housing in the urban area. With a majority proportion of land can only be developed on a leasing basis, the policy certainty and the creditability of deed of cession plays a crucial role. With the previous not so successful housing policies, the Fiji government could improve this situation by introducing the public private partnership, providing low-cost alternative arrangements, and introducing more relevant policies.

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Introduction

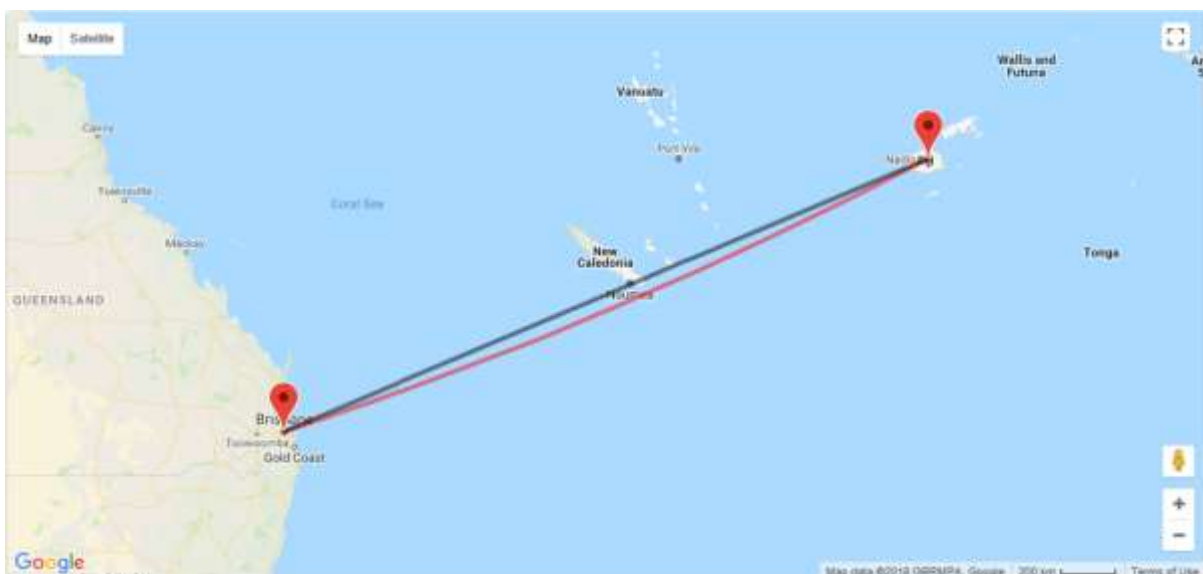
This report provide information obtained from on-line sources, regarding the Fiji housing market. This report will pay particular attention to the background of Fiji housing market, state of the market, affordability programs, institutions involved and will highlight the recommendations for the Fiji government.

The analysis of this report do have limitations due to lack of information.

Background

Fiji is one of the larger and more developed Pacific island countries that is nearly 3,000 kilometres (Figure 1) from major metropolitan markets. Tourism is the leading sector for growth and sugar is the main stay of the rural area. Rural-urban migration is accelerating, and the percentage of people living in the cities is expected to increase from 50% in 2013 to 60% by 2030. (ADB, 2014) In contrast with the circular process, which indicates that the migrants would eventually return to the village after moving to towns, Connell and Lea (2002, p.52) summarise that the modern urban migration has tended to be characterized by permanent and relatively long-distance family movement. As shown in Table 1 (Fiji Bureau of Statistics, 2018), the urban population is increasing decades by decades, while the rural population is decreasing.

Figure 1: Map of Fiji and its nearest metropolitan market



Extracted from: <https://www.distancefromto.net/>, the exact distance between Brisbane and Fiji is 2786.12 km.

Table 1: Total Population by Urban and Rural, 1976-2017

Census Year	Population	Annual Growth Rate (%)	Median Age (years)	Urban	%	Rural	%
1976	588,068	2.1	17.8	218,495	37.2	369,573	62.8
1986	715,375	2.0	20.6	277,025	38.7	438,350	61.3
1996	775,077	0.8	21.2	359,495	46.4	415,582	53.6
2007	837,271	0.7	25.1	424,846	50.7	412,425	49.3
2017	884,887	0.6	27.5	494,252	55.9	390,635	44.1

The urban migration is probably resulted from the regional disparities. As shown in Table 2, there is merely a 10% household income increase (-13% real increase) in the rural area comparing with the 51% (19% real increase) in the urban area from 2002 to 2008. This is caused by several influences: expiring sugarcane land leases and sugar price reduction; the downfallen of garment industry; rising consumer prices; and low real growth in wages. (Vunicagi, n.d.)

Table 2: Average Household Income

Area	2002	2008	% Ch.	Real % Ch.
Rural	10559	11608	10	-13
Urban	15267	23036	51	19
All	12753	17394	36	7
% (R-U)/U	-31	-50		

Extracted from Vunicagi, (n.d.).

With 50% of population residing in the cities and towns, close 20% of the urban population lives in settlements that do not meet basic human rights physically, legally and socially; and are highly vulnerable to climate change impacts. Despite some significant recent government poverty alleviation policies, sometimes poor levels of coordination in urban management have resulted in population growth in urban areas outstripping the supply of serviced. This has resulted in a continuing expansion of informal settlements, many without basic services, inadequate housing, insecure tenure, poverty and social exclusion from key democratic and economic institutions. (People's Community Network, 2018)

Land tenure

Fiji has three types of land holdings - Native Land, freehold land and Crown Land. Freehold land can be bought and sold. Native Land and Crown Land cannot be bought and sold but is available only on a leasehold basis. Leasehold land can be developed as much of it is

available on a long-term lease basis (often 99 years). (Department of Town & Country Planning, n.d.)

- Native Land

Approximately 83% of land in Fiji is Native Land. All Native Land belongs to village groups or 'land-owning units'. Leases of Native Land are available through the Native Land Trust Board (NLTB), a statutory authority which administers all such lands on behalf of the Fijian owners. All applications for leases of Native Land are made to the NLTB. Once an NLTB lease has been issued, the land must go through a process of de-reservation before development can take place.

- Freehold Land

Approximately 10% of land in Fiji is freehold land which can be purchased, transferred, or leased, subject to the conditions of the Land Sales Act.

- Crown Land

Approximately 7% of land in Fiji is Crown Land, administered by the Department of Lands. Like Native Land, Crown Land is not sold outright but some is available on a leasehold basis. Crown leases are granted and managed by the Director of Lands.

Cities and towns in Fiji

Cities and towns provide many opportunities for development compared to more remote sites. (Department of Town & Country Planning, n.d.)

In Fiji, cities and towns are not just any 'built-up' areas; they are specially declared areas that have local City or Town Councils. Fiji has two cities and ten towns: Ba Town, Labasa Town, Lami Town, Lautoka City, Levuka Town, Nadi Town, Nasinu Town, Nausori Town, Savusavu Town, Sigatoka Town, Suva City, Tavua Town.

Rural areas

In Fiji, all land and any islands that have not been subject to survey or subdivision, including former native reserves, are classified as Rural Areas. (Department of Town & Country Planning, n.d.) Land in Rural Areas is a largely unknown quantity, and the most significant challenge is to ensure development is appropriate. As applications for development are made, environmental impact and other studies are required so the values and best use of each area can be considered.

Informal settlement

Informal settlement refers to those who reside on freehold or state land with no legal title (squatters) and who have made informal arrangements with owners to reside on native land.

Most informal settlements are on marginal lands, including flood-prone areas, unstable hillsides, stream banks, and areas adjacent to rubbish dumps or industrial areas. The construction materials are made of wood and tin that are usually recycled.

With the rapid rate of urban growth, informal settles grow faster than the plans for serviced settlements, resulting in areas being poorly serviced, unhealthy, and frequently vulnerable to natural hazards and disease. The houses are more temporary in nature, and often do not comply with the existing building codes and regulations. Many households frequently share water and power supplies, feeder roads are of very poor quality, and sewage connections are often absent. (Vunicagi, n.d.)

Because informal settlements are not officially recognised, the residents have no rights to the land, services or representation. (Phillips & Keen, 2016) In state lands, squatters occupy land without the landlord's consent, and to take advantage on a general knowledge that the state will not evict them but providing alternative arrangement. On native land, many settlers do not have any formal written arrangements, instead, only traditional arrangement, 'vakavanua' arrangement, is established. This make the settlers at risk of being evicted from the land even though the chances are very rare. Those settles on the freehold land have the highest chance of being evicted for illegally occupying and trespassing.

Figure 2: Squatter Settlement in Fiji



Extracted from <http://www.roland-seib.de/Fiji-etc/slides/Fiji-etc-11-Feldmann-2006.html>

Up till 2007, there are 10% of private dwellings don't have safe water supply, 11% don't have electricity supply, and 0.7% don't have toilet facilities.

Table 3: Water Supply, Electricity Supply, and Toiletry Facility in Private Dwellings

Table X-5: Main water supply in private dwellings by ethnicity of head of household in 1996 and 2007

Type	All Households				Fijian Households				Indian Households			
	1996		2007		1996		2007		1996		2007	
	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%
Total	144,617	100.0	174,117	100.0	66,998	100.0	88,826	100.0	69,047	100.0	74,601	100.0
Safe	120,620	83.4	156,189	89.7	58,472	87.3	80,469	90.6	54,133	78.4	65,465	87.8
-Metered	86,684	59.9	116,824	67.1	31,739	47.4	48,601	54.7	48,177	69.8	59,493	79.7
-Communal	29,944	20.7	32,946	18.9	24,007	35.8	27,000	30.4	4,954	7.2	4,723	6.3
-Roof tank	3,992	27.6	6,419	3.7	2,726	4.1	4,868	5.5	1,002	1.5	1,249	1.7
Unsafe	23,997	16.6	17,928	10.3	8,526	12.7	8,357	9.4	14,914	21.6	9,136	12.2
-Well	13,404	9.3	10,714	6.2	3,136	4.7	3,356	3.8	10,107	14.6	7,173	9.6
-River/Creek	5,887	4.1	6,352	3.6	3,927	5.9	4,417	5.0	1,770	2.6	1,773	2.4
-Other	4,706	3.3	862	0.5	1,463	2.2	584	0.7	3,037	4.4	190	0.3

Table X-6: Electricity supply in private dwellings by ethnicity of head of household in 1996 and 2007

Electricity Supply	All Households				Fijian Households				Indian Households			
	1996		2007		1996		2007		1996		2007	
	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%
Total	144,617	100.0	174,117	100.0	66,998	100.0	88,826	100.0	69,047	100.0	74,601	100.0
Yes	96,756	66.9	154,766	88.9	35,662	53.2	74,072	83.4	54,065	78.3	70,697	94.8
-FEA	83,031	57.4	129,749	74.5	26,707	39.9	55,276	62.2	50,198	72.7	65,987	88.5
-FSC	551	0.4	514	0.3	277	0.4	229	0.3	218	0.3	246	0.3
-Vatukoula	639	0.4	537	0.3	403	0.6	353	0.4	128	0.2	124	0.2
-Village Power	5,178	3.6	12,059	6.9	4,831	7.2	11,085	12.5	89	0.1	204	0.3
-PWD	534	0.4	1,967	1.1	438	0.7	1,220	1.4	70	0.1	619	0.8
-Home solar	-	-	1,561	0.9	-	-	869	1.0	-	-	596	0.8
-Own plant	6,823	4.7	8,397	4.8	3,006	4.5	5,040	5.7	3,362	4.9	2,921	3.9
No	47,861	33.1	19,333	11.1	31,336	46.8	14,754	16.6	14,982	21.7	3,904	5.2

Table X-7: Toilet facilities in private dwellings by ethnicity of head of household in 1996 and 2007

Toilet facilities	All Households				Fijian Households				Indian Households			
	1996		2007		1996		2007		1996		2007	
	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%	Nr	%
Total	144,617	100.0	174,117	100.0	66,998	100.0	88,826	100.0	69,047	100.0	74,601	100.0
Modern	67,189	46.4	127,401	73.2	23,307	34.8	56,300	63.4	37,240	53.9	61,789	82.8
-Flush (exclusive)	63,070	43.6	121,353	69.7	21,579	32.2	52,983	59.6	35,087	50.8	59,323	79.5
-Flush (shared)	4,089	2.8	6,048	3.5	1,728	2.6	3,317	3.7	2,153	3.1	2,466	3.3
Non-modern	77,428	53.6	46,716	26.8	43,691	65.2	32,526	36.6	31,807	46.1	12,812	17.2
-Sealed privy (excl)	28,816	19.9	21,009	12.1	24,159	36.1	17,810	20.1	3,474	5.0	2,368	3.2
-Sealed privy (shared)	3,749	2.6	1,425	0.9	2,991	4.5	1,110	1.2	644	0.9	250	0.3
-Pit latrine (excl)	38,362	26.5	21,841	12.5	12,845	19.2	11,880	13.4	25,007	36.2	9,548	12.8
-Pit latrine (shared)	4,788	3.3	1,023	0.6	2,133	3.2	628	0.7	2,570	3.7	382	0.5
-None	1,547	1.1	1,202	0.7	1,411	2.1	989	1.1	73	0.1	171	0.2
-Other	196	0.1	216	0.1	152	0.2	109	0.1	39	0.1	93	0.1

(Fiji Bureau of Statistics, 2012)

From 1996 to 2003, the number of squatter settlement was estimated to increase by 73%. By now, it is estimated that 140,000 people (15% of the urban population) are living in the 200 squatter settlements. (Vunicagi, n.d.)

As shown in Figure 3, 71% of the informal settlement resides in the metropolitan area, which makes the housing shortage even more severe in the GSUA (Suva, Lami, Nasinu and Nausori) area. (UN habitat, n.d.) In the greater Suva area, it is estimated that 16.4%

population are squatters, comprising 8,908 households of 58,508 people and the numbers are expected to grow. (Mckinnon, et.al, 2007)

Figure 3: Informal Settlement distribution

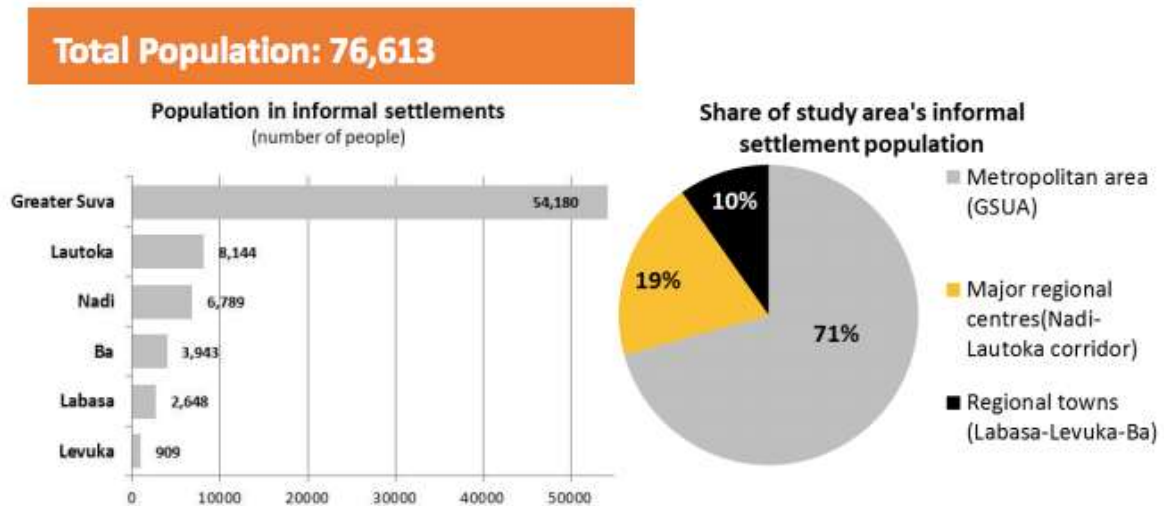
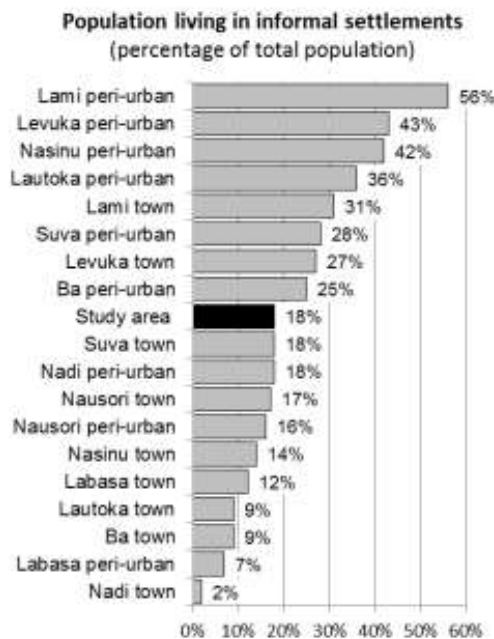
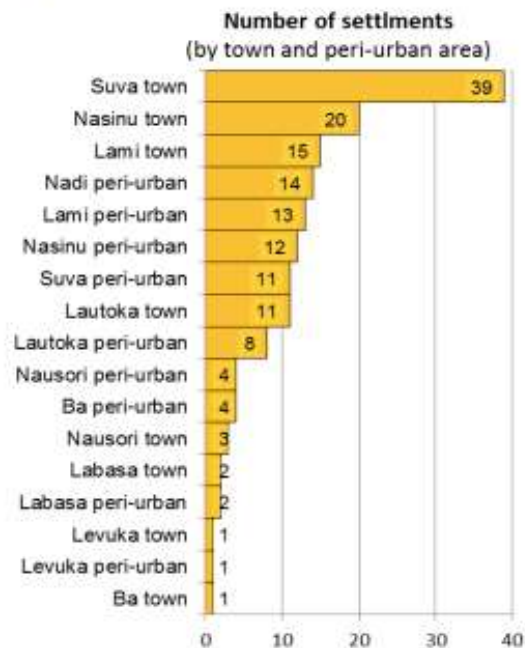


Figure 9



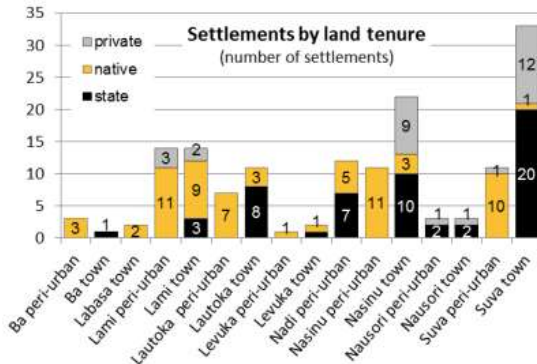
Source: FBoS census 2007, CDIA 2012, PCRAFI (2013) and PCN.

Figure 10



Source: PCN (2016)

Figure 11



Source: FLIS cadastre (2016), PCN (2016).

It can be clearly seen in Figure 4 that most of the land is used for residential purpose. The Town Planning General Provision (1999) defines Res D specifically for the development of low cost residential directed for low income earners and Res C for medium income earners. In Suva City only 14% of the total residential developments is directed for low income earners, the medium income earners accounts for 20%. The rest of the residential development is for the high income earners.

Figure 4: Suva City Scheme Plan

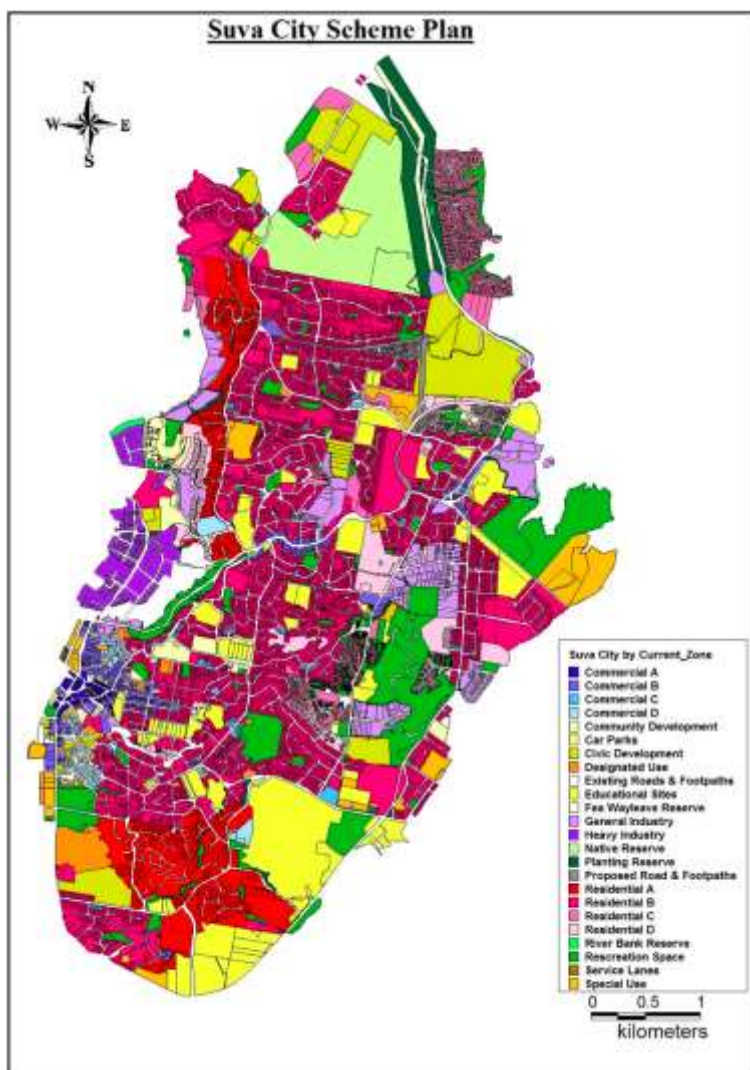


Figure 5: Distribution of Residential Zone by Category

	RES A	RES B	Res C	RES D	Total Res. in each ward
EXTENSION WARD		330	768		1098
SAMABULA WARD		1636	81	356	1717
MUANIKAU WARD	230	847	883	172	1730
SUVA WARD	47	746	1	95	747
TAMAVUA WARD	255	1977	82	658	2059
Total	532	5536	1815	1281	

Source: Department of Lands and Surveyor General, 2012 Rating Valuation

There are wide gaps between the income levels of rich and poor in Fiji. Although much of the land in Fiji is collectively owned, it is controlled by tribal chiefs who derive most of the economic benefit. (Nations Encyclopedia, n.d.)

Figure 6: Luxury resort in Fiji



Picture extracted from <https://homeadore.com/2015/02/16/laucala-resort-fiji/>

It is also worth mentioning that after the cyclone Winston, there are tens of thousands homeless in Fiji. Approximately 7.2% (62,400) of Fijians are in evacuation centres with many staying relatives or in other places away from home. (Reuters, 2016)

Income level

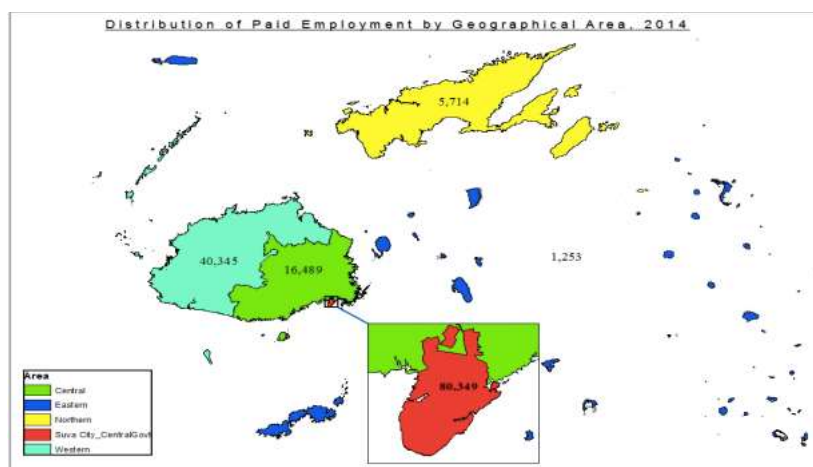
The richest 10% households received 31% of total household income and the poorest 10% households only received 3.2% of total household income. The top earners has approximately 10 times higher income than the lowest earners. This makes the low-income earners impossible to compete with other buyers in the housing market.

Figure 7: Decile Distribution of Household Income

DECILE	HIES		
	2002-03	2008-08	2013-14
1 – Lowest	2.3	2	3.2
2	3.6	3.4	4.6
3	4.5	4.4	5.3
4	5.5	5.4	6.0
5	6.8	6.4	6.8
6	7.9	7.6	7.8
7	9.6	9.2	9.3
8	11.9	11.4	11.0
9	15.4	15.5	14.9
10 – Top	32.5	34.7	31.0
Total	100	100	100

Fiji Bureau of Statistics (2015)

Figure 8: Contribution of Paid Employment by Geographical Area, 2014



Fiji Bureau of Statistics (2015)

The state of Fiji housing market

Prices

As shown in Table 4 (Property Prices, 2018), despite the higher housing cost in Australia, the costs per dollar in salary for Fijian's are higher.

Table 4: Comparison of Housing Affordability between Fiji and Sydney (Australia)

Rent Per Month	Fiji	Australia	Aus to Fiji
Apartment (1 bedroom) in City Centre	600.00 FJ\$	4,202.61 FJ\$	+600.44 %
	(382.85 A\$)	(2,681.64 A\$)	
	80.00% to salary	52.73% to salary	
Apartment (1 bedroom) Outside of Centre	250.00 FJ\$	3,030.34 FJ\$	+1,112.14 %
	(159.52 A\$)	(1,933.63 A\$)	
	35.71% to salary	38.02% to salary	
Apartment (3 bedrooms) in City Centre	3,754.55 FJ\$*	7,260.64 FJ\$	+93.38%
	(2395.72 A\$)	(4,632.94 A\$)	
	536.36% to salary	91.10% to salary	
Apartment (3 bedrooms) Outside of Centre	1,016.00 FJ\$	4,889.87 FJ\$	+381.29 %
	(648.30 A\$)	(3,120.17 A\$)	
	145.14% to salary	61.35% to salary	
Buy Apartment Price			
Price per Square Meter to Buy Apartment in City Centre	3,713.55 FJ\$	20,614.42 FJ\$	+455.11 %
	(2,369.58 A\$)	(13,153.85 A\$)	
	530.51% to salary	258.65% to salary	
Price per Square Meter to Buy	2,260.00 FJ\$*	13,197.88 FJ\$	+483.98%

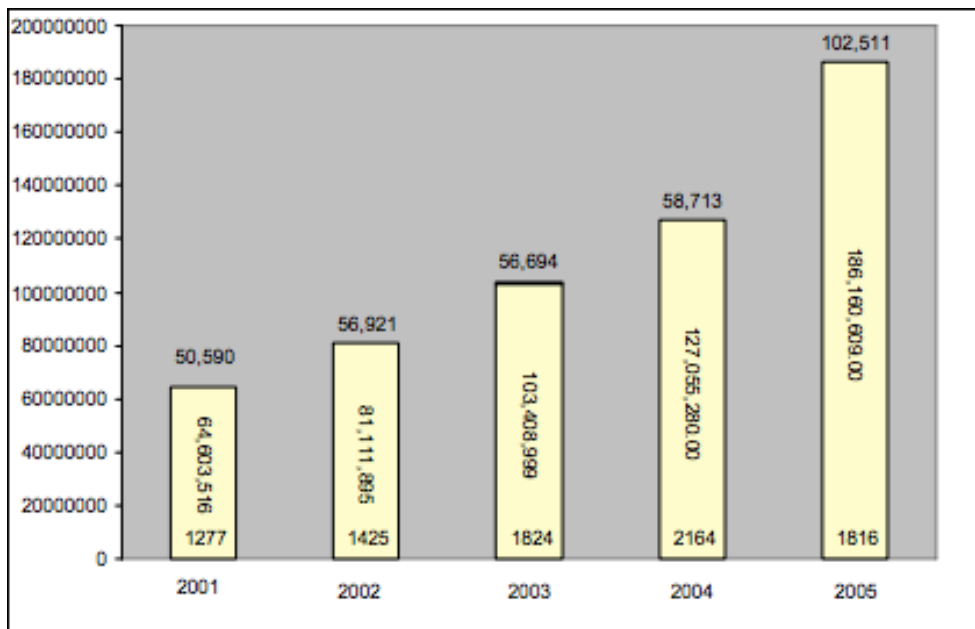
Apartment Outside of Centre	(1442.07 A\$)	(8,421.43 A\$)	
	322.86%	165.59%	-48.71%
Salaries			
Average Monthly Net Salary (After Tax)	750.00 FJ\$	7,970.07 FJ\$	+962.68 %
	(478.57 A\$)	(5,085.62 A\$)	

* Data is originally missing, filled in with data extracted from https://www.numbeo.com/cost-of-living/country_result.jsp?country=Fiji

Table 4 illustrates the housing spending and salary between Fiji and Sydney. Even though the renting and buying costs are higher in Sydney, the costs take less proportion of the monthly salary. Fijians have to pay 80% of their salary to rent a 1-bedroom apartment in the city centre. For families living outside of the city centre, the renting cost for a 3-bedroom apartment is 145.14% of one person's salary. The high cost placed a serious problem for the Fijian household.

There is a serious income disparity in the Suva area that only certain elite group has the access to the housing market. Majority of the population of Suva will need some form of housing assistance. (Vunicagi, n.d.)

Figure 9: Residential Property Price Change



Extracted from Hassan (2007).

From 2001 to 2005, the average price of residential property has increased 102.63% from \$50,590 to \$102,511. This indicate that there is a housing shortage in Fiji which may be due to the high cost of building new houses or the difficulties of acquiring the building permission.

Demand

With the increasing of number of household (Fiji Bureau of Statistics, 2017), there is more demand for the real estate properties.

According to the National Business Review's interview with Phillip Toogood, from Bayleys Real Estate (Fiji), there is a rapidly developing shortage of waterfront property suitable for the leisure market. (Robb, 2014)

The housing market is heating up in Namadi Heights. Harcourts senior sales consultant, Jasmindar Singh said, "If I have 20 properties, those can be sold in two months." The price range is \$300,000 to \$450,000 at Namadi Heights, Mr Narayan said. (Arguliar, 2017)

Land demand

Analysis of the sales data at Table 5 suggests that a large percentage (46%) of the buyers prefer to buy freehold properties than State and Native leases. The advantage of having freehold land as compared to leases is that the owner is not liable to pay annual ground rental on the land and the consent of the third party except local authority not needed for any development. (Hassan, 2007)

Table 5: Sale by Land Tenure

Region	Freehold	State	Native land	Housing Authority
Central	587	127	134	273
Western	201	101	96	165
Northern	56	56	35	15
Total	844	284	265	453
Percentage	46%	15%	14%	25%

Foreign investors

Government has taken steps to make the local residential properties available for Fijians by slowing the demand from foreign investors. The Minister for Finance, Aiyaz Sayed-Khaiyum announced that a 10 per cent stamp duty will be charged on transfer for non-resident state title property buyers and also a five per cent duty will be charged on mortgage for non-resident strata title property buyers. (Lal, 2014)

Further, the Fijian government imposed retrospective laws on foreign landowners that shake the confidence of foreigner investing in Fiji housing market. (Cooks Islands News, 2016)

Supply

As a useful indicator of the supply of housing, the completion certifications issued in recent year is 555, which is very little comparing to 184,235, the total household in 2014. The less than 40% completion rate might be the result of the high construction standard. (Hassan, 2007)

Table 6: Building Permits

Period	Building Permits Issued [No.]	Value [FJD]	Completion Certificates Issued [No.]	Value [FJD]	Estimated Value of Work Put-in-Place [FJD]	Percentage Completed
2008	1,192	83,696	377	41,195	254,003	31.63%
2009	1,119	101,861	347	64,586	250,260	31.01%
2010	1,210	203,800	416	92,686	259,368	34.38%
2011	1,324	166,141	465	111,411	257,080	35.12%
2012	1,396	487,876	515	63,123	279,285	36.89%
2013	1,412	199,169	506	54,594	360,346	35.84%
2014	1,511	220,273	546	109,058	415,243	36.14%
2015	1,612	226,624	532	103,294	466,677	33.00%
2016	1,605	252,088	555	82,599	513,907	34.58%

Source: Fiji Bureau of Statistics, 2017

With the 1887 lots to be launched in the housing market by 2019 (Table 7), the pressure of housing shortage remain unsolved.

Table 7: Future Housing Projects

Future Projects	Total Land	Land Tenure	Tentative Date of	Land Lots only
Central Makosoi Pacific	26.45 Acres	Crown Land	Yet to be confirmed	212 Lots
Western Waqadra	90 Acres	Native Lease	End of 2016 to 2018	793 lots
Western Natadola	114 Acres	Native Lease	End of 2016 to 2019	380 Lots
Western Tavua	33 Acres	Native Lease	Yet to be confirmed	226 Lots
Western Tavakubu	106.6 Acres	Crown Land	End of 2016 to 2017	226 Lots
Western Tavakubu In-Fill	4 Acres	Crown Land	Yet to be confirmed	25 Lots

Northern Rara	End of 2018	25 Lots
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Source: Housing Authority of Fiji, <http://www.housing.com.fj/future-projects/>

Based on a search at property.com.fj (access on 2/4/2018), there are only 35 residential listings in Northern area, 1 residential for sale in Eastern area, 134 residential listings in Central area and 571 residential for sale in western area. The supply in the housing market is less than adequate comparing to the total number of household.

Table 8 indicates that 39% of houses are concrete structure; 24% are wooden structure; 34% are made of tin and iron; bure, makeshift and other materials occupy 2%, 0.6% and 0.5%. It seems the housing supply is relatively sufficient, however, there is no big difference between the urban and rural house number. It means that with the urban migration, there must be a lack of housing in the urban area.

Table 8: Distribution and Quality of Housing Stock in Fiji

Type of Structure	Urban	Rural	Total	Percentage
Concrete	46,353	21,758	68,111	39
Wood	18,307	23,458	41,765	24
Tin and Iron	23,203	35,250	58,453	34
Bure Materials	186	2,966	3,152	2
Makeshift Materials	279	817	1096	0.6
Other Materials	124	756	880	0.5
Total	88,452	83,505	173,457	100

Cost of housing is composed of four items, material, labour cost, cost of service and cost to develop vacant land. Comparing between Table 6 and Table 9, we can find a directly proportional relationship between the cost and the completion certificates issued. Contradict with Hassan (2007), the rising building material price will not negatively impact the housing activities.

As a result of the rising building material prices, it is becoming impossible by the public sector housing developers to service citizens with low-income earners. In the circumstances, the ability to service the loan while maintaining living standards is difficult for an average wage earner in Fiji. (Hassan, 2007)

Table 9: Building Material Price Index

	All Items	Wood and Related Materials	Cement and Related Materials	Iron and Steel	Plumbing ware	Paint and Glass	Floor and Wall Tiles	Door and Window Frames	Electrical Products
	[Base: June 2011 = 100.0]								
WEIGHT	1000.0	73.4	375.9	94.8	79.5	79.8	64.7	101.0	130.9
2011	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2012	101.5	101.3	101.6	99.0	101.6	100.1	96.2	101.5	104.5
2013	104.7	108.1	104.2	96.2	98.8	101.7	99.2	102.9	116.9
2014	106.9	112.7	108.9	97.7	99.1	102.6	98.1	103.1	117.9
2015	111.3	114.4	112.3	99.4	106.7	105.8	96.0	103.6	121.9
2016	107.2	108.5	106.4	96.5	100.2	104.9	89.7	100.4	117.2
2017	108.0	110.6	108.3	94.5	95.3	103.9	89.0	101.2	118.2

Source: Fiji Bureau of Statistics

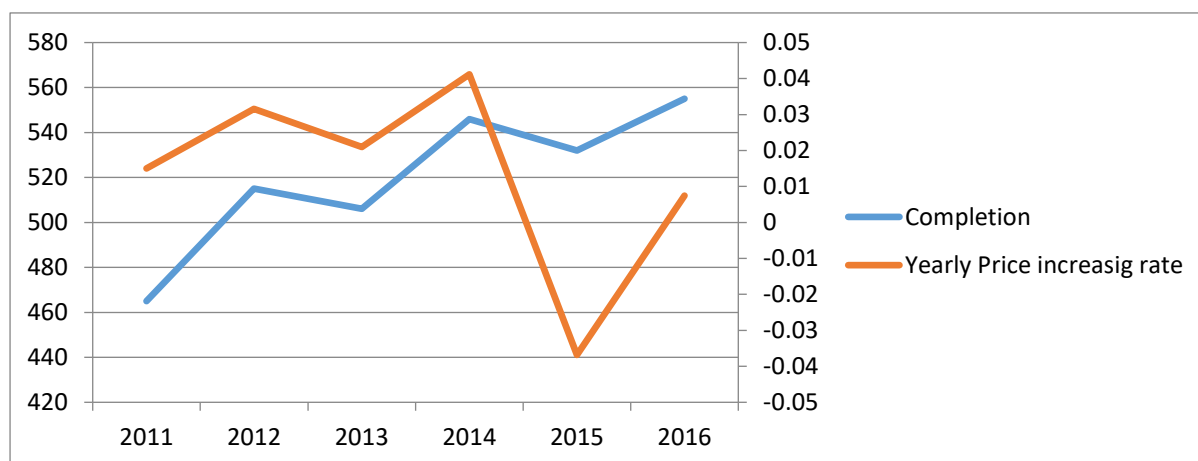


Figure 10: Relationship between Completion and Yearly price increasing rate

Future Development Plans

See Appendix 2.

Housing Affordability Programs

Social Housing Policy

In 2011, the Fijian government launched the “affordable and decent housing for all communities by 2020” policy. This policy addresses constraints faced by public institutions that primarily responsible for the provision of quality and affordable homes for people in the urban and peri-urban areas.

The board of Housing Authority of Fiji approved a housing loan rehabilitation policy that assist Housing Authority customers, who own a home, however are finding it difficult to meet their loan repayments due to retirement, sickness, unemployment and disability. The policy will assist hundreds of middle and low-income families around the country.

The Prime Minister said “The policy will assist home owners by either writing off their full loan amount remaining, partial loan write off and as a temporary measure, assist unemployed citizens by freezing the interest and fees on the loan balance for up to 12 months.” (Housing Authority, 2011)

Since the policy was introduced in 2011, there are 309 families nationwide were assisted. (Housing Authority, n.d.) Comparing with the total number of households, the ratio is only less than 0.035%, which is much lower than Fiji’s poverty rate, 28.1%. (Fiji Bureau of Statistics, 2013-2-14)

Government funding

Fiji government announced a major funding of 60 million in the 2017-2018 National Budget for affordable housing through the Reserve Bank of Fiji, and the funding is aiming to increase the home ownership in Fiji. The approved lenders will receive \$10,000 if they’re building their first residential home or \$5,000 for those intending to buy their first home. (Silaitoga, 2017)

The acting CEO of HFC bank, Raj Sharma, says that with the HFC new package, customers will be able to take advantage of the 4.25% a year interest rate fixed for 5 years. The qualified customer will need to have an annual income of \$50,000 or less. (Bayshorefiji, 2017)

The total budget of the Ministry of Local Government and Housing in 2017-2108 is \$33.9m, comprising \$6.6m for operating expenditure, \$27.1 for capital expenditure and VAT of 0.2m. By the end of 2018, there will be 478 affordable housing available, as \$7m has been allocated to subsidise the land development cost of two new subdivisions of the Housing Authority in Nepani and Davuilevu. 300 families in Nabua are preparing to be relocated to Waidra, Baulevu and \$1.3m has been allocated under the Informal Settlement Relocation Programme to assist with this relocation. \$2.6m has been allocated to upgrade the Namaka housing market and another \$2.6m is allocated to redevelop the Govind Park. (Reece, 2017)

Up to now, there are about 9,000 people on the Housing Authority of Fiji waiting list who are qualified for the lot allocation criteria. (Turaga, 2018) To meet the requirements, Fijian government need to fasten up the progress of housing developing.

Residential Housing Development Package (Affordable housing for ordinary Fijians)

Developers can benefit from this package by having profit exemption, subsidy grant, and duty concession when they have a project size bigger than 20 units or 20 lots.

The institutions

Department of Town and Planning

In Fiji, any kind of development, including subdivision, construction, building and earthworks, and proposals to change the use of existing buildings, require approval under the provisions of the Town Planning Act and Subdivision of Land Act.

In certain circumstances, however, additional approvals may be required in order for a development to proceed. Some of the most common are:

- Building Permits, which are required to certify the safety of proposed methods of construction prior to any works being commenced.
- Environmental Impact Assessment, which must be undertaken and approved before other permits can be granted for development that is large or in a sensitive area.
- Foreign Investment Approval, when a development involves significant funding from non-Fiji sources.

The assessment processes for each type of application and different circumstances are different, but there are several key components:

- Initial Review – to make sure the application form is correctly filled in.
- Local Authority Assessment – is assessed by technical staff of the local authority.
- Town and Country Planning Assessment - The Department of Town & Country Planning provides technical and professional staff to assist the Director of Town & Country Planning in executing the Subdivision of Land Act and Town Planning Act.

Native Land Trust Board (NLTB)

NLTB manage the native land, which comprises 87% of all the land in Fiji. Public use of native land is available by leasing. Leases can vary from 30 years for agricultural purposes up to 99 years for most other uses (commercial, residential, etc).

The Department of Lands

The Department of Lands is responsible for the effective and efficient administration, development and management of all crown land in Fiji. Activities under this programme include surveying, mapping, land valuation, development and maintenance of state land and geographic information system.

Housing Authority of Fiji

The housing authority of Fiji was established in 1955 under the Housing Act. It aims to produce affordable and quality housing products and services by providing competitive loan packages, service to low and middle income group, being socially aware and responsible and excellent service to both customers and employees.

Public Rental Board (PRB)

PRB was established in 1989 under the Housing Act to take over from the Housing Authority rental function. It provides affordable rental flats for low-income earners on a transition basis. It is expected to operate on a commercial basis, but it is not required to make a profit. The government provides a subsidy to top up any shortfall between the revenues generated by the PRB and its cost.

The Housing Assistance and Relief Trust (HART)

The HART was established in 1970 by the Fiji Council of Churches. It is a charitable organization that was initially formed to provide shelter for the destitute and now it provides supports and services annually to about 800 families of mainly women and children who have little or no regular source of income and rely on the department of Social Welfare for financial assistance. HART provides services to empower individuals to become resourceful and productive in order to secure a better life.

Local Banks

Except the Reserve Bank of Fiji, there are mainly 6 banks operates in Fiji. They are ANZ Bank Fiji, Bank of Baroda Fiji, Bank of South Pacific Fiji, Bred Bank Fiji, HFC Bank Fiji, and Westpac Bank Fiji. The home loan interest rate comparison among the banks is shown below:

Table 10: Home Loan Interest Rate

Home Loan Type	ANZ	BRED	Baroda	BSQ
Variable rate	6.99% p.a.	6.25% p.a.	6.15% p.a.	6.25% p.a.
1 year fixed rate	4.99% p.a.	4.45% p.a.	4.50% p.a.	4.50% p.a.
2 year fixed rate	5.45% p.a.	5.45% p.a.	4.50% p.a.	5.45% p.a.

The foreign institutions

ADB

As of 31/12/2016 (ADB, 2016), ADB has loaned Fiji 576.6 millions US dollars. The water and other urban infrastructure and services section took 25.73% of it, 148.34 million.

ADB had launched a low-income housing development project in 1980s. The project was initiated in response to the housing shortage in the urban area for low-income families in Fiji during 1980s. The project was finished three years later than expected. The housing authority of Fiji was able to produce and sell targeted number of lots and disburses the project's mortgage finance. Though this is achieved by focusing on better-off families who can afford not by reducing housing cost. (ADB, 1999)

Chinese Government and Firms

In 2008, the Housing Authority of Fiji invite three Chinese firms to develop low-cost housing project that cost around FJ\$55 million. (Pacific Island Report, 2008)

Fiji's ambassador to China, Sir James Ah Koy secured a 230 million dollar soft loan in the housing agriculture, and commercial projects in 2008

In 2010, the Chinese government provided Fiji a 50 million dollar loan to build around 2,000 low-cost housing units.

Chinese government had taken out 285 million Fiji dollars concessional loans to upgrade major road links, build new public housing projects and enhance information technology capabilities in 2011.

There are 50 million dollar low-cost housing project and 2 million dollar low-cost building project completed in 2008. In the following years (2009-2011), there are also many housing-related projects finished. (Lyu, n.d.)

Discussion and Conclusion

Fiji has approximately 83% of land owned collectively by the village groups or 'land-owning' units. Even though the native land cannot be bought or sold, leases can be made through NLTB.

The high construction cost and lack of available development land in Fiji make 35% of Fijians living in the informal settlements. Most of the informal settlements are on marginal lands, which are frequently vulnerable to natural hazards and diseases. After the cyclone Winston, there are at least 7.2% of Fijians homeless.

The previous social housing policy is not very successful that only 0.035% families nation wide were assisted. ADB also introduced a low-income housing development project. However, instead of helping the aimed low-income group, the better-off families who can afford are benefited.

The fast rising housing price makes it even more difficult for the low-income to start owing a legal property.

Government can solve this issue by improving the regulatory environment and introducing more policies in favour of the poor, ethnic minorities, women and the Disable. Additionally, the government may seek foreign firms for cooperation.

There are several challenges for the Fijian government to take to solve the housing shortage problem.

PPP (Public-private partnership)

Fiji can follow the steps of the developed country precedents to attract private institutional capitals into affordable housing. England uses a mixed public grant and private sector funding model; USA applies the low income housing tax credit model; Switzerland has the specialist intermediary issuing government guaranteed bonds; Netherlands has loan guarantees from a government backstopped intermediary; Austria issues the housing construction convertible bonds; and France has pooled savings scheme based on low interest, tax advantaged saving accounts. The common factor above is that partnership between public, non-profit and private sectors is essential for the successful funding and delivery of housing supply programs. (Hooker, 2014)

Land availability for development and secure the land tenure

Investors are seeking to have a sense of security when they make the purchase. So the credibility of the deed of cession must be honoured.

Improve Poor reliability of government

The government sector needs to provide greater policy certainty, and more conducive environment for foreign investments. (ADB, 2014)

Supporting the disadvantaged groups

The provision of land for the poor, ethnic minorities, women and the Disable need to be recognized. Government authority should be both practicality and fairness of land allocation. (United Nations, n.d.)

Creating awareness of the deed of Cession

Prevention of squatters, land speculation and land disputes. It is also beneficial to monitor the suspicious area that are prone to the squatter development.

Low cost alternative living arrangement

There can be more small-dwelling size apartments for the young families.

Developers can provide tenants the mixed ownership, which the tenants can partially buy the house and pay rent to the developers.

Restrictions and policies on the developers

Government can provide tax incentives to the developers that promote low-cost housing. Further, the government can force the developers to sell at least certain percentage (for example, 50%) of their houses to the low-income owners by sign contracts with the developers.

Cut the number of government institutions and clarify the legislation

The housing legislation is administrated by various government institutions. This imposes the fragmented issue on the developers and households. It is better to have a clear instruction for both groups.

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Appendix 1

Fiji Bureau of Statistics - Key Statistics: March 2017
HOUSEHOLD INCOME AND EXPENDITURE

13.2 DISTRIBUTION OF HOUSEHOLDS

Household Income & Expenditure Survey			
Area	2008-2009	2013-2014	Change
Number of Households			
Rural	86,523	90,110	4%
Urban	88,724	94,125	6%
Total	175,246	184,235	5%
% Urban	51%	51%	
Estimated Occupants of Households			
Rural	412,368	415,550	1%
Urban	403,039	429,758	7%
Total	815,408	845,308	4%
% Urban	49%	51%	
Average Household Size			
Rural	4.8	4.6	0.2 pp decrease
Urban	4.5	4.6	0.1 pp increase
Total	4.7	4.6	0.1 pp decrease
% [Rural-Urban]/Urban	4.9	4.6	0.3 pp decrease

* pp = percentage point

Appendix 2

PROGRAMME	ANNUAL TARGET					TOTAL OUTPUT EXPECTED	LEAD AGENCIES
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022		
Squatter upgrading and Resettlement (Lots)	349	150	230	230	230	1,189	DOH
PRB Renovation and Construction (Units)	Kalabu 36 Savusavu 48	Simla 36	Namaka 57	Raiwaqa, Suva 150	Raiwaqa, Suva 200	527	PRB
Town-Wide Informal Settlement Upgrading project (Lots)	266	124	376	343		1,109	DOH
Sustainable Rural Housing/Income Generating Project (Households)	435	385	50	50	50	970	DOH
HART (Households)	50	48	50	44	46	238	HART
New	14	12	14	8	10	58	
Renovated	36	36	36	36	36	180	
Housing Authority Social Housing Policy (Households)	100	100	100	100	100	500	HA
First Home Buyers (Households)	406	500	650	800	950	3,306	DOH
Development, Caubati Sub-Division, Nasinu (lots)	212					212	HA
Lot Development , Waqadra Sub-Division, Nadi			793			793	HA
Lot Development, Rara Sub-Division, Labasa		25				25	HA
Housing Authority Nepani Stage II	175 lots/150 housing units					175 lots/150 housing units	HA
Housing Authority-Davulevu Phase I (Lots)	301					301	HA
Housing Authority-Covata, Labasa (Lots)	108					108	HA
Housing Authority-Koronisalusu, Tavua (Lots)	119					119	HA
Housing Authority-Tavakubu, Lautoka (Lots)	541					541	HA

PROGRAMME	ANNUAL TARGET					TOTAL OUTPUT EXPECTED	LEAD AGENCIES
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022		
Rural Housing Assistance (Units)	100	110	115	120	125	570	
Full House	50	50	55	55	60	270	RHU
Partial House	50	60	60	65	65	300	RHU
Poverty Alleviation Projects (Housing) – (Units)	16	15	14	13	12	70	RHU

HA: Housing Authority; HART: Housing Assistance and Relief Trust; PRB: Public Rental Board; RHU: Rural Housing Unit; DOR: Department of Housing

Key Performance Indicators

INDICATOR	2015	2021
Increase home ownership (% of total households) (SDG 11.1)	43	50

<http://www.fiji.gov.fj/getattachment/15b0ba03-825e-47f7-bf69-094ad33004dd/5-Year---20-Year-NATIONAL-DEVELOPMENT-PLAN.aspx>

Appendix 3

I am not sure whether to put it in the report.

The supply number is the completion certificate issued.

I couldn't find the report that the author cited for the demand.

Table 2 Housing Supply and Demand 2001-2005

Year	2001	2002	2003	2004	2005
Demand	3047	3133	3220	3307	3394
Supply	665	578	604	645	687
Percentage	22%	19%	19%	20%	20%

Source: Fiji Islands Bureau of Statistics 2006

http://www.prres.net/papers/Hassan_National_Overview_Housing_Fiji.pdf