

September 2009



PALESTINIAN AFFORDABLE HOUSING PROGRAMME

Building sustainable
communities in Palestine: A
deliverable vision for the
future

The Portland Trust

\$1 billion Affordable Housing Programme

- Private sector led initiative to provide 15,000 new housing units by 2013
- New communities across the West Bank with community facilities, green spaces and retail, commercial and industrial uses
- Selling price expected between \$50,000 and \$80,000
- Affordable housing for working Palestinians on a monthly income of \$800 - \$1,400.
- \$500 million mortgage facility launched in April 2008 by Palestine Investment Fund with support of US, UK and European Governments.
- First projects of the programme are outside Ramallah and Nablus. Further projects expected outside cities of Hebron and Jenin.

Essential Lever in Boosting Palestinian GDP

Palestinians in new homes (over 5 years)	90,000
Jobs (annual)	11,000
<i>o/which: Construction</i>	7,000
<i>Associated Industries</i>	3,000
<i>Onsite Services and Retail</i>	1,000
Jobs (at end of 5 years)	17,000
Standard economic multiplier effect (US housing)	2
Dependency ratio	6
Low-income Palestinians supported (at end of 5 years)	200,000
Total Investment (over 5 years)	\$1 billion
GDP growth (over 5 years)	8%

High Demand and Potential

- Substantial decline in construction sector activity
- Population growth rate of 3%
- **Severe shortage of affordable housing.**

- Affordable housing presented as a priority in the Palestinian Reform and Development Plan in December 2007
- Creating a new way of living and a long-term vision of prosperous modern communities for Palestinians.
- **One of the best initiatives with potential to generate large scale employment and growth under current conditions.**



15% Funding Gap

- Five year programme needs \$100m in grant financing for infrastructure and \$50m for public facilities to make the units affordable.
- Infrastructure requirements for on and off site provision:
 - Off site- new/improved highway connections, power and water distribution from existing sources, wastewater treatment plant
 - On site- roads, water, foul and surface water drainage, power, telecomms
- Community facilities - schools, places of worship, health.
- Feasibility studies have been done or are underway to confirm cost estimates of individual projects.

Leveraging Donor Funding

- Affordable Housing Programme is an excellent example of how donor funding can attract private investment
- A layer of grant finance will make the units affordable and can make the risk/return profile acceptable to private sector investors.
- \$1bn Affordable Housing Programme comprising:
 - \$150 million from donors to fund infrastructure and public facilities

LEVERAGING IN

- \$100 million for value of land
- \$100 million – 10% deposits by home owners
- \$650 million – long term fixed mortgages

Pipeline of Projects



Existing pipeline: 8,300 units, \$570 million investment

- Rawabi, 5,000 units near Birzeit just outside Ramallah (Bayti)
- Al-Reehan, 1,600 units, North of Ramallah (Palestine Investment Fund)
- Ramada, 1,200 units, outside Nablus (Byder)
- Al-Naqora, 500 units, outside Nablus (PRICO)

Future pipeline: 6,700 units

- Includes projects being planned outside the cities of Hebron and Jenin.

Programme can be expanded to Gaza when situation allows.

Rawabi, Bayti, Ramallah

Bayti Real Estate Investment Company, the developer of Rawabi, is a joint venture between Massar International and Qatari Diar Real Estate Investment Company.

Rawabi will be the first new Palestinian planned community:

- 5,000 units situated between Ramallah and Nablus on Area A land.
- Private sector investment (of around \$350 million) secured
- A commercial center with office and retail space, hotels and a cinema
- Green spaces and public facilities including primary and secondary health care facilities, schools, municipal government offices, a police station, a fire station and a library.
- 8,000 jobs created during construction.
- 5,000 permanent jobs as part of the town's economic growth strategy.

Initial investment of over \$1.5 million made for the start-up of Bayti's Ramallah based operation.

Rawabi Progress

- MOU signed in April 2008 between the Palestinian Authority (PA) and Bayti.
- Town boundaries approved in September 2008.
- Master Plan prepared with planners, architects and engineers from internationally renowned firm AECOM working with local experts from An Najah and Birzeit University.
- Master Plan approved by the PA on 25 January 2009.
- 60 day public objection period ended on 25 March 2009.
- AECOM working with local firms to do the detailed design.
- Groundbreaking scheduled for late 2009.

Rawabi Grant Funding

For ground breaking to commence grant financing for roads and waste water is required.

<i>US\$ thousands</i>	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	Total
Offsite infrastructure costs					
Regional offsite roads	16,500	3,000	3,500	5,000	28,000
Water supply	5,500	1,000	500	-	7,000
Power supply	2,000	1,000	500	-	3,500
Wastewater collection and treatment	3,000	7,000	6,000	4,000	20,000
Water recycling	3,500	1,500	1,000	-	6,000
Solid waste management	100	400	250	200	950
Total offsite infrastructure costs	30,600	13,900	11,750	9,200	65,450
Public facilities					
Educational facilities	3,750	3,000	2,250	1,500	10,500
Medical facilities	800	800	900		2,500
Cultural and administrative facilities	-	2,000	6,500	1,500	10,000
Total public facilities	4,550	5,800	9,650	3,000	23,000
Total costs	35,150	19,700	21,400	12,200	88,450

Al-Reehan, PIF, Ramallah

- 1,600 units on 250 dunums of land outside Northern Ramallah.
- Total investment estimated at \$140 million.
- Units to range in size from 125m² – 200m².
- 30 dunums assigned to green spaces, commercial areas, recreational facilities and public facilities (school, health centre, places of worship).
- MOU signed with the Palestinian Authority for infrastructure development. Access roads expected to cost approximately \$7 million.
- Estimated \$9.3 million required in funding for non-road offsite infrastructure and \$7.4 million for on-site public services.
- Cornerstone laid by President Abbas on Monday 29th June, 2009, to launch the project.

Ramada, Byder, Nablus

- 1,200 units on 75,000m² of area B land, 2km west of Nablus.
- Internal infrastructure – roads, water and electricity system – in place.
- Total private sector investment estimated at \$50 million.
- Access issues to the site due to Israeli closure of a road. Byder are seeking approvals for infrastructure and access from the Palestinian and Israeli authorities.
- Estimated costs for the tunnel are \$1-2million. A commitment of grant funding has been made dependent on Israeli approval.
- Estimated \$1 million required in funding for non-road offsite infrastructure.
- Demand survey of the local population completed in early 2009.

Naqora, PRICO, Nablus

- 500 units on 53,000m² of area B land outside Nablus.
- Total private sector investment estimated at \$30 million.
- Access issues to the site due to Israeli closure of a road. Journey time from Nablus extended from 10 minutes to 25 minutes.
- A range of options for an access road to the site have been prepared. Depending on the option the costs of the road range from \$3.6million to \$10 million.
- Estimated \$2.9 million required in funding for non-road offsite infrastructure and \$2.3 million for on-site public services.

Next Steps

- \$100 million committed to funding infrastructure for Affordable Housing over three years in Palestinian Reform and Development Plan.
- World Bank/PA review of implementation plan and mechanism for channelling funds completed in May 2009.
- Meeting of the ad-hoc committee on housing will soon be called with wider group of donors to discuss commitments of funding specifically for infrastructure for housing projects.
- A number of projects are now at an advanced stage with groundbreaking expected in 2009.
- Donor funding is now crucial . The programme as planned cannot go ahead without it.

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