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National Development Strategy

By Kenneth King

The inadequacy of housing in Guyana

It has been most traumatic for me, over the past month or so, to write this series of articles on the National Development Strategy. Because most of our social and physical infrastructure and institutions have been allowed to deteriorate for decades, almost every aspect of our lives now seems to be bound 'in shallows and in miseries'. Nothing illustrates this more starkly than the state of the housing sector. As the NDS asserts "the housing situation in Guyana is desperate though Guyana's growth rates have now become minimal, current housing needs still cannot be adequately met for the major part of the existing population".

The bare statistics are most revealing. An estimated 33 per cent of the country's housing stock is over 35 years old, and most have not been properly maintained. The country needs, at the minimum, the building of 5,200 housing units each year for at least the next ten years. This total comprises 1,200 new household formations every year, and 4,000 units to replace deteriorating stocks and to relieve over-crowding. About one-third of the new housing units are required in Georgetown alone, the other two-thirds being in demand in the country's other towns, in semi-urban districts, and in a few rural areas.

What these statistics mask, however, particularly in Georgetown, and especially in some parts of Lodge District, Charlestown and Albouystown is the squalor of the slums in which many of our population live. Huge numbers of people of all ages, and often of three generations, are crammed into a small room in which they are forced to undertake all the activities which human beings prefer to perform in relative seclusion. Literally

hundreds of our citizens live in such tenement yards, as these places of abode are generally described. These yards are invariably serviced by no more than one or two stand-pipes, and no more than one or two latrines. When rain falls, the areas are flooded, faeces float in the inundated yards, and some tenants are forced to open umbrellas within their houses to protect themselves and their children from the water that leaks through their dilapidated and unmaintained roofs. I stress that I am describing here the rule, rather than the exception. It is morally wrong for these countrymen and women of ours to live in these Hobbesian environments. One does not have to be very imaginative to appreciate the damage that is wrought to their psyches and self-esteem through their life long exposure to these humiliating and debilitating conditions.

What are the reasons for this sorry state of affairs? The most obvious, of course, is the failure of the governments of the 1980s, because of the economic difficulties which the country was then experiencing, to continue with the impressive and successful housing schemes which had been implemented in the 1960s and 1970s.

At the moment, however, the major cause of our parlous housing situation is that house-building costs are relatively high. They are high because, as has been emphasized in a previous article, GUYSUCO and the Government together own 90 percent of the available land around the towns on the coastal strip of the country. As a result of this virtual monopoly in land-ownership, the cost of land is out of reach of most ordinary folk, and the private sector is in great part inhibited from engaging meaningfully in house construction.

Other factors which contribute to the slow rate of house-building in Guyana are inadequate funding in the sector; moribund methods of transferring land titles; an extremely slow and inefficient land distribution and development process; and seemingly political interference in land distribution. In addition, the Central Housing and Planning Authority, the sole Government executing agency for housing projects, is inadequately staffed, in both qualitative and quantitative terms. It should not,

therefore, be surprising that at least 20 percent of the householders in Guyana is forced to squat or illegally occupy government-owned lands.

I do not wish to convey the impression that the government in office has not attempted to alleviate the situation. Indeed it is estimated that between 1993 and 2000 about 35,000 house lots have been distributed. This is an impressive performance. It cannot be emphasized too strongly, however, that what have been given out are not houses, but pieces of land on which it is intended that houses would be built. Moreover, little or no development work has been undertaken on many of the house lots, and relatively few houses have been built on those that have been distributed. The exercise is more one of land divestment than of house construction.

There is another factor which causes much concern. At least until the end of 2000, the land distribution policy seemed to favour low-income families with a minimum number of children. Such a policy effectively excludes young people and the unmarried. It also militates against marriages by younger couples; promotes out-of-wedlock relationships; and, so it is claimed, encourages sexual promiscuity.

The weaknesses of our institutions also constrain our ability to house the nation effectively. As an international report has stated "massive low income house- lending is a specialised business for which Guyana's mortgage lenders, who have changed little in 30 years, are currently unprepared. In addition, the virtual lack of private land markets, combined with the absence of adequate mortgage facilities in commercial banks, limits the participation of the private sector in assisting in solving the housing shortage: In general, the current policy framework has not sufficiently encouraged the private sector in this direction. Encouragement such as the free allocation of state lands, and the enhancement of tax incentives in construction activities, should be used to provide investment in housing.

In the final analysis, however, our people are forced to be homeless or to live in

conditions of unacceptable decrepitude and squalor, because we are poor, and because we have not applied creative solutions to alleviate the travails of their existence. Given the present levels of costs and current levels of need, and given the pervasive nature of our poverty, it should be evident that the housing development problem cannot be addressed only by market-oriented approaches. The existing situation may be characterised as one in which the demand and supply curves interact at a very low level of provision. There is therefore an obvious need for the state to intervene in specific areas. In sectors such as housing, and in the general circumstances of Guyana, the International Financial Institutions should allow our government to permit targeted subsidies for those who now occupy the lowest social and economic rungs of the developmental ladder. The Poverty Reduction Strategy Paper which is now being formulated should insist on this. The efforts of the Government in housing should be focused on the rural poor, the urban poor, and the poor of the hinterland. Special attention ought, however, to be paid to the conditions of the urban dwellers in the slums, and to the necessity for their relocation.

This is not even to suggest that the financing problem cannot also be seen in terms of market development. In principle, if steps could be taken to lower drastically the present costs of providing housing services, a genuine market will begin to emerge. Moreover, in order to widen and strengthen the housing market, it will be important to bring all the income groups into the picture. This can be done by the use of creative financing mechanisms like that of the Jordanian Housing Bank, which utilises a lottery system instead of interest rates to attract savings deposits. Such an approach can be supplemented by more traditional methods like the issuance of housing bonds, the funds from which should be earmarked for housing projects.

In the next article in this series, the strategy which has been devised in the NDS to expand the supply of housing, to make housing more affordable, and to provide improved access to housing for poor families, will be described and discussed.