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National Development Strategy

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Housing the nation

It was emphasized, in last week's article on the NDS, that the homelessness which now pervades our country can be alleviated only if houses are built much more rapidly than is currently the case, if they are made more affordable, and if there are conscious efforts by the government specifically to provide shelter to the poverty-stricken of our land.

There are certain pre-conditions for attaining these overall objectives: funding for housing development should be made available at acceptable prices; there should be speedier and more widespread access to serviced lands; the institutional delays that now seem to be endemic in the processes of land-allocation and building-approval should be eliminated; conditions which encourage the private sector to play a greater role in developing land for housing and in the construction of houses should be established; special programmes of financial support should be devised for lower-income families to assist them in making rental and mortgage payments; informal housing development should be regularized; the country's rental laws should be reformed in order to increase the availability of rental housing; and mechanisms should be developed to ensure the greater involvement of NGOs in housing for the poor.

With these pre-conditions in mind, the authors of the NDS have formulated a strategy which they are convinced, if fully implemented, would result in ten years in the virtual removal of homelessness from Guyana. They also argue that their housing proposals, in addition to being a social and humanitarian imperative, would significantly contribute to the country's economic development through the creation of job-opportunities in the forests, sawmills, and the construction sector; through the deepening of trade in construction materials; and through the expansion of the local furniture industry. The authors of the NDS, at the very outset of their strategy on housing, address the problem of the current inadequacy of funding in the housing sector. The formulators of the Strategy, recognising that the poor, who are most affected by the housing shortages, simply cannot afford either to pay the rents now asked for accommodation, or to meet the down-payment and mortgage requirements for homes which they wish to own, recommend that the government should establish two funds: one to provide rental supplements to low-income families who meet strict eligibility criteria, and another to supplement the payments that are associated with house-buying.

They propose that a Board which would include representatives of the Central Housing and Planning Authority, the municipalities and NDCs, SIMAP, NGOs, and the Ministry of Finance, should oversee the provision of rental supplements. Once an application is

approved, on the evidence of the family's income and the rental contract, the fund would provide monthly coupons that can be redeemed through the banking system. Both tenant and landlord would be required to sign each monthly coupon, before the landlord could redeem it directly, from the banks, as part of his or her rental income.

The NDS suggests that the upper limit on the value of the monthly coupons should be G\$15,000. Contributions to the fund, it recommends, should be made by the central government, and by relevant donor agencies.

The NDS also suggests that the fund for supplementing mortgage payments should be structured in a similar manner. In addition, the NDS recommends that its operating rules should also be similar although, in this case, under the eligibility criteria, the topping-out level of family income should be somewhat higher than for rental supplements. Moreover, the fund for mortgage supplements should assist low-income families to make downpayments on houses, only if they put up an equal amount of their own funds. Here again, the fund will depend upon government and external donor contributions.

As well as assisting the poor directly, the presence of these two funds will have the beneficial effect of stimulating private investors to provide more housing, in the knowledge that the effective demand for this type of housing would have increased considerably. It cannot be too strongly emphasized that the recommendations in regard to rental and mortgage supplements are not the figments of the imaginations of the authors of the NDS. They are based on schemes which are being successfully implemented in a significant number of developing countries.

The NDS also proposes that, in addition to these special funds, the government should establish a rediscount line in the Bank of Guyana that would provide incentives to commercial banks to extend mortgage loans in exchange for the reduction of interest rates on mortgages below that for other classes of loans, by a specified number of percentage points.

The subsidy inherent in this rediscount line should be funded explicitly by the annual national budget. Through this financial facility, banks would be encouraged to place a higher share of their assets in mortgages without incurring the risk of weakening their capital base because of below-market interest rates.

The NDS also recommends that land for housing should be granted free of charge to all those below the poverty line. Moreover, it stresses that the acute shortage of land for housing in urban areas, especially in Georgetown, should be addressed as a priority matter. It suggests, in this regard, that Government should institute a programme to make land available in freehold to entrepreneurs who legally agree to construct houses on the lots. The preferable mechanism for providing land in this way should be through public auctions. Unutilised sugar estate lands, among others, should be dedicated to this purpose. In addition, the private sector should be encouraged, by way of incentives, to construct high-rise blocks of apartments for use by the middle class, or for offices,

particularly in some of the areas to be cleared of slums.

One of the planks of the housing strategy is the NDS's proposal to establish a number of townships to assist in the resettlement of youths, public servants, members of the trades unions, members of both the urban and rural poor, and other groups in the country. The NDS stresses that these townships should be designed to emphasize the interdependence between urban and rural settlements, and to take advantage of their synergies. Moreover, it is adamant that the government should develop these townships with the assistance of the private sector, and that the latter should be enticed to participate in this endeavour through the provision of tax incentives and free land, provided that it agrees to establish businesses and enterprises in specified areas of the settlements. Further, the NDS makes recommendations for their physical configuration, and stipulates that each family should not only be allocated one acre of land for housing, but that it should be provided with an agreed amount of land for either agriculture, manufacturing, commercial enterprises, or trade. It is also emphasised in the strategy that there should be full consultation among the trades unions, the private sector, the government, and the settlers, at all stages of the development of settlements.

The formulators of the NDS also examined the costs of constructing houses in Guyana. They point out that a recent study has demonstrated that modular housing, utilizing wood from Guyana's forests, can reduce the cost of home construction by as much as fifty percent. They have also ascertained that if prefabricated low-cost imported material is utilized, homes can be erected more quickly and cheaply than locally-produced structures. Because the authors of the NDS are convinced that there is room in our country for both approaches they have recommended that each be followed in specific circumstances.

The NDS also strongly proposes that there should be a resuscitation of the self-help schemes which have contributed so much to the housing of low-income citizens in the 1960s and 1970s. It urges that special training courses in the rudiments of house-building be conducted for potential house-owners, and that the special fund for supplementing mortgage payments be also applied to houses that have been constructed through self-help.

The reform of housing administration is also advocated. It is suggested that the Central Housing and Planning Authority be restructured and upgraded; that the four laws which currently deal directly with housing development be modernized and consolidated; and that a "one-stop shop", with technical competence and authority to oversee all surveying, site preparation, infrastructure construction, and conveyancing be established.

Above all, what is required is a departure from the current haphazard and seemingly unplanned approaches to housing development. The Ministries that are responsible for finance, housing and land development should appreciate that our housing problems cannot be solved if they continue to operate as separate entities in this regard. The systemic nature of this aspect of our development must be clearly understood. Moreover, the Ministry of Housing should realize that it should not be primarily concerned with the

distribution of houselots, but that its main tasks are the formulation of an overarching housing policy and, with the Ministry of Finance, the creation of an environment in which the private sector and the various civil communities in Guyana would be enabled meaningfully to assist in the national effort to produce affordable housing for most of our citizens.