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Note to the Text:

Throughout the Assessment prices are expressed in both Jamaica dollars and US dollars. The rate of US\$.57 per J\$ was used in conversion.

SECTION 1: INTRODUCTION

a. General

During the past decade, as a result, in part of its dependence on foreign imports, including oil, and a growing external debt burden, Jamaica experienced a severe and sustained economic decline. This decline affected all sectors of the economy, including the shelter sector. While urban growth continued, with approximately 72% of the growth taking place in the urban areas, new construction was severely curtailed, exacerbating already severe housing shortages. Escalating costs of construction together with declining real income, placed much of what was built out of the reach of most Jamaicans. Although most critical for the poorest Jamaicans, housing shortages exist throughout the economic spectrum. Shortages and high costs have resulted in overcrowding, in the proliferation of squatter settlements and in the deterioration of existing physical structures. A high rate of overall unemployment (20-25%) and its related social problems further constrain both access to and delivery of adequate shelter.

At the end of 1980 a new Government was elected,

bringing with it a different philosophy of development, a philosophy that emphasizes the mobilization of private resources and the encouragement of the productive sectors of the economy. Short term solutions will not be found to the problems of the shelter sector in Jamaica, where as many as 45% of the low income live in substandard housing. However, Jamaica has a well-developed financial system and a large number of educated and highly skilled people. Further, the Government of Jamaica (GOJ), with a history of involvement in the provision of low income housing, has now determined to undertake new initiatives to address comprehensively the problems in the shelter sector.

Although new policies are not yet fully developed and although economic and social constraints remain, this determination significantly modifies the environment in which shelter policy is made. It also provides an opportunity to address anew some of the persistent problems associated with the financing, implementation and rationalization of shelter delivery and urban development in Jamaica.

This Shelter Sector Assessment provides a general overview of the various components of shelter delivery based on extensive review of documents and discussions with persons with diverse interests and expertise in the shelter sector in Jamaica. It includes consideration of institutional, programmatic, financial, technical and

sociological issues and describes their interaction. However, precisely because the Government of Jamaica has committed itself to new initiatives, the situation in Jamaica is a dynamic one. Institutional arrangements are changing and new policy directions being defined; nonetheless, the issues raised and the constraints identified by the Assessment are endemic to the shelter sector in Jamaica.

b. Summary Overview

This Shelter Sector Assessment of Jamaica is divided into three major sections and is organized as follows:

Section 2: Findings, Conclusions and Recommendations -- abstracts from Section 4 the major constraints in the shelter sector in Jamaica and recommends ways to address them.

Section 3: Country Situation -- contains a brief overview of the geographic, economic and demographic characteristics of Jamaica.

Section 4: Shelter Description and Analysis -- describes in detail the problems and constraints in the supply, demand and financing of shelter in Jamaica.

SECTION 2: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The characteristics of shelter supply and demand in Jamaica are described and analyzed in Section 4 of this Assessment. The purposes of this section are, first, to identify the major constraints within the shelter sector, particularly as they impede the effective delivery of shelter to the low income urban dweller and, second, based on the data and analysis in Section 4, to recommend specific courses of action to alleviate some of the constraints.

a. Summary of Findings

1. Major Constraints to the Supply of Shelter

1.1. Administrative Constraints

1.1.1. Fragmentation of Responsibility. Within the Government of Jamaica, there exist ten agencies (Ministries and statutory bodies) with direct responsibilities in the shelter sector. These are (i) the Ministry of Construction (MOC), (ii) the National Housing Trust (NHT), (iii) the National Housing Corporation (NHC), (iv) the Jamaica Mortgage Bank (JMB), (v) the Sugar Industry Housing Ltd. (SILH), (vi) the

Urban Development Corporation (UDC), (vii) the Ministry of Agriculture (MOA) and (viii) the Ministry of Local Government (MOLG). In addition, (ix) the Ministry of Public Utilities and Transport (MPUT) and (x) the Ministry of Youth and Community Development (MYCD) deliver services that are an integral part of shelter.

Difficulties associated with having so many agencies directly involved in the shelter sector occur on two levels:

First, on the policy level, the MOC, through its Housing Section, is generally perceived as having the principal responsibility for the delivery of low income housing, but authority for a National Policy, which would necessarily subsume the activities of the other agencies, is not clearly vested in the Ministry. The result is that each agency basically pursues its own agenda with regard to the delivery of shelter. Absent a National Housing Policy, the MOC can, at best, articulate its own policy and assume a coordinating role among the other agencies. While such a role may indeed be an effective and appropriate one for the Ministry to play, coordination is often ad hoc as no single mechanism exists that would ensure appropriate orchestration of resources within and among these agencies to implement Cabinet-level policy decisions with regard to shelter delivery.

Second, on the program level, the existence of so

many agencies directly involved in the shelter sector has contributed to the Government's poor record of housing completions in the period 1977-1980. Although there are many complex reasons for the breakdown of the shelter sector during the period 1977-1980, most of which are external to the sector, nonetheless, the number of agencies involved in shelter delivery tended to prevent resources from being focused. For example, since the NHT has been the single major provider of financing for all the public agencies involved in development, as well as for private developers, a certain amount of competition for those resources was inevitable. Further, when shortages of building materials have impeded completion of projects, all developers, including Government Agencies, were in at least implicit competition for those materials that were available as there was no mechanism for assigning priority to those units which were completed.

1.1.2. Institutional Difficulties. Many of the Government agencies involved in the shelter sector are experiencing institutional difficulties which are, to some extent, outside of their control. The various effects of financial constraints (i.e., deficits and/or diminishment of program for lack of financing), while serious, can be addressed by revising policies and by redefining institutional roles, both of which, for example, the JMB and the SIHL are currently doing.

Less straightforward to address than the financial constraints, however, is the constraint of credibility. For example, the new management of the NHC has inherited an organization that is not only financially troubled but that also has a reputation for mismanagement; it must overcome both the mismanagement and that reputation if it is to remain viable. The MOC, also, is impeded in its efforts to deliver low income housing by a credibility problem. This arises in part from negative public perceptions which came about as a result of instances of past corruption and past politicization. The current Ministry is doing everything within its power to distance itself from this reputation, but nonetheless its credibility from these events in the past constrains its ability to perform in the present.

1.1.3. Project Management. The delivery of housing has been severely constrained in the past by inefficient project management. Cost and time overruns in the delivery of shelter have resulted from a variety of factors; among these has been inadequate administrative control of projects by Government agencies.

1.1.4. Project Evaluation. No formalized mechanism, aside from numbers of units delivered, exists to evaluate either the success of individual shelter delivery projects or the success of the shelter delivery system in Jamaica as a whole. Given the implementation difficulties that have been experienced

in the past, perhaps that omission is understandable; however, lack of such a mechanism at least potentially constrains the optimal effectiveness of future shelter delivery. The NHC, for example, is attempting to capture its own project management experience so as to streamline and make increasingly efficient its operations. However, such an effort has little likelihood of improving performance in other agencies and neither will it reveal ways to strengthen the system as a whole.

1.1.5. Coordination with Local Government.

Development activity must take place with the approval of the local Parish Councils. The approval process through which developers must proceed is perceived as cumbersome; more serious, however, is the resulting lack of resource availability, particularly that of adequate water supply, even when that process has been implemented and development activity approved. The GOJ is embarked upon a project to maximize the water resources of Jamaica; however, adequacy of water supply to approved developments is constrained by lack of resource coordination in the central government and by a local practice of "pirating" the supply.

1.2. Technical Constraints

1.2.1. Standard Design. The commonly accepted design of a detached or semi-detached two-bedroom unit

of concrete block and steel for newly constructed low income housing is now estimated to cost between J\$15,000 and J\$20,000 (US\$8,550 and US\$11,400) has become too expensive for the majority of Jamaicans, who have a median income of J\$2,265.90 (US\$1,447.90) While this design is in part dictated by housing preferences among the group, the prevalence of this type of construction has tended to limit the options that are considered in the design of low income housing.

1.2.2. Imported Materials. The high foreign exchange content of cement, steel and fixtures has been a critical component in the escalation of construction costs; the material portion of these costs alone has escalated an estimated 485% during the past decade. Further, the supply of these imported materials is often irregular, causing delays and further adding to building costs.

1.2.3. Disaster Proneness. Jamaica is in an area vulnerable to both hurricane and earthquake; consequently, construction standards must take this risk into account. Therefore, the lowering of standards to reduce costs is constrained.

1.2.4. Siting. As in many countries, housing in the informal sector in Jamaica tends to be sited on marginal land which is "captured" by squatters. In Jamaica, the sites are often in gullies or on hillsides and this siting frequently makes ex post facto provision

of infrastructure difficult and constrains certain types of upgrading, such increasing accessibility by widening paths into roads.

1.3. Resources and Services Constraints

1.3.1. Managerial and Technical Personnel. Approximately 20,000 Jamaicans or 1% of the entire population emigrates each year. Many of those who emigrate are professional or other highly skilled people. As a partial result of this large emigration, the availability of skilled managerial and technical personnel in Jamaica constrains the shelter sector as a whole. While the personnel who are charged with managing the various programs are highly competent, they frequently lack adequate staff support.

1.3.2. Labor and Unemployment. A general and pervasive constraint on any development effort in Jamaica is the high unemployment rate. The rate is estimated at between 20% and 25% for the population as a whole, with disproportionately high percentages of youth (as much as 50%) and women. The direct effects that unemployment has upon the shelter sector is twofold:

(i) The relationship between economic hardship and social instability inhibits the development of viable communities.

(ii) Resulting from the high rate of unemployment, there is a plenitude of unskilled labor available for

work in construction. Given the dearth of construction activity, there has been competition for these jobs, leading to disruption of the work at the sites and consequently to increased costs and delayed completions.

1.3.3. Land. Urban land in Jamaica is expensive; cost have increased over 600% in the past decade. In the inner areas, residential areas (which are relatively less costly than commercially zoned areas) have been given over gradually to commercial activity, without a compensating addition of housing stock. Further, although urban growth in Jamaica is characterized to some extent by sprawl, land outside the urban areas has been bought up by speculators, subdivided and held. Unavailability of land at reasonable cost constrains both government and private development.

1.3.4. Social Analysis. Although there have been programs designed around existing housing stock and various attempts to harness the energy and resourcefulness of the low income person in the improvement of his or her shelter, for example, in squatter upgrading projects and aided self-help, there is nonetheless a tendency to treat the population monolithically. Failure to take into account various sociological differences, such as incidence of female-headed households in an area, relative dependence or lack of dependence upon the community for social support, and attitudes about Government intervention has constrained

the implementation of some programs. Further where such analysis has taken place, often the emphasis has been on housing preference expressed out of the context of existing realities within the shelter sector in Jamaica, which may have contributed to the present constraint of unrealistic expectations.

1.3.5. Urban Growth. The rapid rate of urban will continue to constrain the delivery of shelter. Approximately one half of Jamaica's population lives in urban areas or on less than 5% of the land. Thirty per cent of the population lives in the Kingston-St. Andrew Corporate Area. The housing shortage is severe, with estimates of need varying but ranging between 13,000 and 22,000 units annually. The average construction of new units by the GOJ in the 1970's (before the decline of the last three years) was approximately 5,000 units per year. Even if that amount were matched by private construction, shortages would exist. Further, private construction, in the present economic situation, would not address the needs of the people with the lowest income. Thus, overcrowding will continue as will the expansion of the informal sector; in the Montego Bay area alone, approximately 63% of the urban residents live in squatter settlements as opposed to approximately 42% in 1958. Further, the stock in the inner city where most of the rural migrants first go is likely to continue to deteriorate under heavy use and, at least in

the near term, the capacity of the already stressed infrastructure will be strained.

1.4. Policy Constraints

1.4.1. Lack of Formalized National Policy.

Delivery of shelter in Jamaica has been constrained in recent months by the lack of a formalized national shelter policy. Although the need for one has been recognized and deliberate and careful work is currently underway to ensure that a feasible policy in the national interest is developed, the time lag in its development has caused a certain amount of anxiety and other problems arising from an insufficiently clear delineation of roles among Government agencies involved in the shelter sector. (see 1.1 above). However, lack of a formalized National Shelter Policy has been proffered as an explanation for a multitude of difficulties in the shelter sector which the existence of a policy per se will not solve. Although issuance of a policy is certainly desirable, it will not provide a panacea. However, raised expectations with regard to the issuance of the policy and so public intolerance of future shortcomings is potentially constraining to future Government and particularly MOC activity in the shelter sector.

1.4.2. Role of the Private Sector. Not only has the relationship among the public agencies involved in

the delivery of shelter been unclear that the private sector must play a role in shelter. Traditionally, the private sector has been the main provider of long-term and mortgage financing through the activities of contract developers. It played a vital role in shelter delivery in Jamaica for the past three years, however, the NHT was the only source for interim financing for both public and private developers. Further, it made the same number of mortgage loans as the Building Societies, whose province mortgage lending is. What is more, in the past year, though mortgage lending by Building Societies was up, only 8% of the loans were for new housing.

With the current uncertainty and the recent dependence upon Government financing, and the general economic difficulties eroding the housing market, the relationship between financial institutions and Government involvement in shelter has been somewhat altered. The relationship between private and Government institutions must be re-examined without rationalization of roles, with a view to ensuring the delivery of shelter in the future.

1.4.3. Land Tenure. Difficulties in determining clear title to land, and the practice of squatting but also the ambiguity as to ownership constrains

the role of the private sector in the supply of shelter. Though the private sector has been playing an important role in shelter delivery in the past, the NHT was the only source for interim financing for both public and private developers. Further, it made the same number of mortgage loans as the Building Societies, whose province mortgage lending is. What is more, in the past year, though mortgage lending by Building Societies was up,

the relationship between financial institutions and Government involvement in shelter has been somewhat altered. The relationship between private and Government institutions must be re-examined without rationalization of roles, with a view to ensuring the delivery of shelter in the future.

Difficulties in determining clear title to land, and the practice of squatting but also the ambiguity as to ownership constrains

both urban and rural shelter delivery programs. It is a particular constraint on those of an innovative nature which seek to harness the energies of individuals in the delivery of shelter, for security of tenure is a key to their success. Further a lack of a comprehensive land policy (currently under development) impedes the resolution of the tenure problems.

2. Major Constraints in the Financing of Shelter.

2.1. Institutional Constraints

2.1.1. Lack of Innovative Shelter Finance Programs.

The effects of the recent economic decline and the increasing costs of shelter have radically altered the effective demand structure in Jamaica. Private lending institutions, in particular, are constrained by adherence to traditional lending practices.

2.1.2. Excessive Liquidity. Because of the adverse economic situation the shelter sector has not offered significant investment opportunity over the past years; consequently, both Government and private financial institutions have suffered from excessive liquidity. As a by-product, the secondary mortgage market has ceased to function.

2.1.3. Poor Cost Recovery. Cost recovery in Government Schemes has been negligible due, in part, to lack of administrative and other capacity to implement and/or put in place adequate cost recovery mechanisms.

2.2. Financial Resource Constraints

2.2.1. Housing Fund Deficit. Because of the failure to recover costs, Government resources for the development of shelter are constrained by the necessity of annually supplementing the capital fund for the development of low income housing.

2.2.2. Limitation of Debt Ceiling. Under the agreement negotiated between the Government of Jamaica and the International Monetary Fund, foreign debt is limited as is the incurring of additional debt by the public sector. This limitation is potentially constraining the development of low income shelter.

2.3. Policy Constraints

2.3.1. Monetary Policy. The ceiling on mortgage interest rates is currently set at 14% while the Bank and Prime Rates are considerably lower. Although construction might be stimulated by this policy as indeed should all productive sectors of the economy, the policy has the effect of constraining mortgage borrowing at least to some extent.

2.3.2. Rental Policy. The regulation of rents takes place based on a formula designed to give a fair return on investment to the landlord and access to accomodation at a reasonable price to the renter. While balancing competing interests in the formulation

of public policy is always a difficult process and the balance struck is almost never entirely satisfactory, there is substantial expression in the private sector that the regulation inhibits investment in the shelter sector. The rhetoric, if borne out by action, may limit future availability of housing as well as limit the resources available to the shelter sector.

2.3.3. Settlement Policy. In the implementation of a national settlement policy to disperse population more evenly throughout Jamaica, to promote designated growth centers, and to relieve the pressures felt particularly in Kingston, certain resource allocation priorities are implicit. While such a policy to foster the redistribution of population is in all likelihood wise in the long term, in the short term, there may be certain negative implications for the urban poor, including a continuing deterioration of the inner city of Kingston and a general worsening of shelter conditions.

3. Major Constraints in the Demand for Shelter

3.1. Financial Constraints

3.1.1. Income Level. Income levels have risen during the past decade at a slower rate (average 264%) than the costs of living (360.1%) and the costs of construction (441%). This phenomenon places increasing constraints on the types of shelter that can be afforded by both low income and middle income persons. Those

persons who are at the median level or below are effectively priced out of the current market for new construction. The NHT estimates, for example, that given current trends approximately 65% of its contributors will have dropped out of the housing market by 1985.

3.1.2. Access to Credit. The lending practices of the Building Societies or Trust Companies, the traditional sources of mortgage loans, are not tailored to the low income, and, increasingly, to the lower middle income person. Only an estimated 10% of current non-owners could, under current lending practices, afford a mortgage loan for a J\$15,000 (US\$8,550) at a 13% interest rate or 1 per cent less than the current ceiling. While the National Housing Trust has been a major source of mortgage lending for the low income participant in the NHT contribution scheme, it cannot meet the total demand in this income group and, indeed, estimates that the majority of its contributors will no longer be able to afford housing even with the NHT sliding scale. What is more, the NHT funds are limited to those who are employed in the formal sector; it is not accessible to those who earn their living in the informal sector. Only limited credit is accessible through credit unions and through the partner savings systems.

3.2. Social and Cultural Constraints

3.2.1. Housing Preference. The type of detached concrete block structure to which most Jamaicans aspire, and which today may be an unrealistic expectation for many, constrains the provision of alternative shelter solutions.

3.2.2. Attitude Toward Government Housing. While a preference for government housing over other types of shelter solutions has been expressed by many Jamaicans, there is a tendency to regard the Government's intervention in the shelter sector as a way to get "free" housing. This attitude is further complicated by the practice in the past for housing to be a tool of partisan politics and for access to Government-provided shelter to be tied to political affiliation. Both of these factors constrain the delivery of shelter by the Government. On the one hand, the idea that Government housing is free makes cost recovery difficult. On the other hand, the idea that Government housing comes with strings attached makes some reluctant to apply.

3.2.3. Lack of Tenure. In those instances, particularly in squatter settlement areas, where tenure is not secure, residents are reluctant to borrow to improve their housing, preferring to live in substandard and/or improvised dwellings rather than to make a risky investment. This lack of security contributes to the general inadequacy of the shelter available.

3.2.4. Limited Access Programs. Some programs are narrowly targeted and so not responsive to the demand of large groups such as those who do not own land and female-headed households. Such programs as "Build on Own Land" where a requirement is that the participant have title to land and aided self-help where contributed labor is a critical component of the project effectively exclude these to groups. In a similar vein, home improvement loan schemes do not address the needs of those who do not own their own homes.

3.3. Constraints on Community and Self-Help Efforts

3.3.1. Lack of Community Development Orientation. Experience with community development efforts in Jamaica seems mixed. It has been found that the low income urban dweller in Jamaica tends to view the obtaining of a house as an end in itself and tends not to think of that house in terms of the larger community. This tendency is noted also in the rural areas. Nonetheless, while this lack of a community orientation might constrain shelter programs, certain institutions, for example the UDC, have had positive and effective community development programs.

b. Summary of Conclusions and Recommendations

In light of a housing shortage estimated at anywhere between 62,000 and 83,000 units and a subsequent annual need of between 13,000 and 22,000 units, it seems clear that the Government of Jamaica, which has averaged approximately 5,000 units per year during the early 1970's, will not be able to solve the shelter problems through new construction alone. In addition, even if the technical, managerial, and financial resources were available to allow it to fill the gap, increasing costs of construction and declining real income severely constrain effective demand.

Although the projection of need tends to be expressed in terms of new construction, however, that certainly is not the only route to meeting the needs for adequate low income shelter. As the Government of Jamaica is well aware, the problem of providing affordable housing to the low income population in Jamaica will not be solved in the short term. Further, as the Government is also aware, its solution is, of course, tied very closely to the solution of the problems in the Jamaican economy as a whole.

Nonetheless, inroads can be made -- that is, more people can be housed better than they are -- even if present conditions were not to alter substantially. Indeed, the GOJ is already implementing projects that

could have significant impact. For example, programs that harness the resourcefulness of the people themselves, such as those that provide "habitable core" housing or aided self help; that improve existing infrastructure and stock, such as squatter upgrading and home improvement; that seek out new ways of using indigenous materials, such as the proposed Building Research Institute; and that seek to eliminate unnecessary components in new construction are all realistic attempts to deal with the resource constraints and should be continued.

The MOC, the NHT, the UDC and other institutions in the shelter sector are already aware of and addressing most of the problems that are identified in this Assessment. What follows, then, is not a recapitulation of Government action already undertaken (in many instances, such action is noted in Section 4) but rather some specific suggestions flowing out of the findings of the Assessment that could strengthen the shelter sector.

4. General Policy Recommendations

4.1. Delineation and Rationalization of Roles in the Shelter Sector

In the near term, even given the fragmentation of responsibility and the overlapping of roles, a major

reorganization to streamline the Government agencies with responsibilities in the shelter sector is not in the best interests of the sector. The organizational trauma that that would cause in an already anxious situation would effectively impede shelter delivery for as much as a year. Further, such a reorganization itself would be constrained by Government policy not to eliminate jobs because of the severe unemployment problems in Jamaica.

Short of a reorganization, however, a clarification of roles and definition of responsibility within the shelter sector is necessary. These could be established in the National Shelter Policy which is currently under development. Within that context, a clear delineation of roles should be made, together with the appropriate allocation of resources and mechanisms for accountability.

Central administration of the varied functions carried out by the ten agencies involved in the shelter sector is certainly not a prerequisite to success. Neither is the centralization of generic activities (such as mortgage lending, development, interim financing, or management), although at some later stage, perhaps tied to goals established under the National Policy itself, this could be considered together with other organizational options. What is a prerequisite to success, however, is the perception by the Officials of

each of the organizations that the goals of his or her particular organization' is directed toward the same common end -- i.e., the organizational goals should be understood in terms of their contribution to the national shelter goals and strategy as articulated by the National Shelter Policy. Without a supporting institutional framework, such an understanding will take more than merely the issuance of a written policy by the MOC.

Recommendation:

(1) The National Shelter Policy should itself contain or should incorporate by reference a set of goals and implementing responsibilities for a relatively short-term, specified period of time (eg., the next year or eighteen months). These goals and responsibilities should be jointly developed by the MOC and the individual agencies and should serve as a benchmark by which to assess progress or lack of progress during the agreed period. Provision should be made for periodic review of the status of implementation at the Cabinet level.

(2) The MOC should undertake as a long-term project an analysis of the most appropriate way to reorganize the public sector involvement in the shelter sector. The availability of alternative organizational proposals should coincide with the end of the period of performance agreed to in the implementation of the National Shelter Policy. A review of these alternatives should take into account the record of performance.

(3) The GOJ should develop the means for assessing the shelter sector as a whole -- for example, modify present national data analysis to segregate housing data from general construction data, as well as appropriate data on infrastructure and other services. Since the basic data gathering mechanism exists, such a modification would facilitate the National Policy formulations process without requiring a large investment of resources.

In addition to rationalizing the roles of the public sector institutions, it is of paramount importance that the relationship of the Government to private institutions also be rationalized, particularly with regard to the financial institutions. The middle class is also concerned with their own continued access to shelter and to the continued viability of the mortgage lending institutions. Further, support for the provision of low income housing will be less widespread if the middle class finds itself squeezed out of the housing market.

Recommendation: The absorption by the private sector of certain of the responsibilities of the National Housing Trust seems inappropriate in light of the NHT's record of performance, as does the mixing of funds from the NHT with those, for example, of Building Societies, given the designated nature of the NHT funds. However, the concerns that the private sector has in being able to continue to provide mortgage financing should be met with Government action and in the interests of the shelter sector as a whole a visible policy gesture should be made toward this portion of the market as well. Subsidized mortgage rates may ultimately damage the already weakened foreign exchange position and so while an expedient immediate solution, is probably not a wise course of action for the long term. However, a "window" period during which time mortgage rates for new construction could be lowered could serve as a means of providing relief to the homebuyer and stimulation to the construction industry. Tax benefits to the buyer (such as mortgage interest deduction from income tax) and other similar incentives should also be explored.

4.2. Priority Attention to Innovative Design

The reduction of housing costs is of critical importance to the ability of the Government of Jamaica to deliver housing to the low income person. Therefore,

the MOC must pay priority attention to the development of innovative housing designs (including innovative use of materials) that would reduce costs.

Recommendation: In addition to undertaking its own research, the MOC would be particularly effective in this area if it were to marshal the resources of and encourage the participation of the private sector. One way of doing this, which would also provide visibility to the MOC's concern with the problem, is to sponsor a national Architectural Design Competition for such innovative designs. Criteria for judging the designs would include such items as cost, habitability and cultural/sociological suitability. Such a competition would focus national attention on the housing problems and the Ministry's efforts to deal with them; more importantly, it would help to create an atmosphere of cooperation between public and private sector.

4.3. Program of Maintenance and Repair

It has been estimated that approximately 15% of the inner city structures are so severely deteriorated that they are beyond repair. An additional 35% are in need of substantial repair. Particularly since the lowest end of the economic spectrum, including a disproportionate number of women (or those least likely to escape these substandard conditions) are most affected by the deterioration, it is important that attention be given to ameliorating the situation. It is unlikely that new infusions of capital for revitalizing these structures (even if possible) will be forthcoming; further, landlord investment is constrained by inability to realize a return on investment through rent collections.

Recommendation: A program specifically designed to provide preventive maintenance and minor structural

repairs should be undertaken by the MOC. It could first be undertaken on a pilot basis. Funding will no doubt be problematic -- as, indeed, will identification of structures that can be repaired -- given the experience of the Urban Upgrading program in which landlords were unwilling to invest further in their property. However, funding might be found for such a program through an incentive system such as a rebate on property tax. In addition, to the positive effect that such an effort could have on the housing stock, it would address the immediate shelter problems of the lowest income groups, perhaps helping to stabilize deteriorating areas and it would create jobs and so have other spin off effects in the economy.

5. Institutional Recommendations

5.1. Institutional Capacity Building/Ministry of Construction

If it is to serve as the focal point for shelter policy, the Ministry of Construction must strengthen its capabilities in project planning, management and evaluation. The Ministry has recognized the weaknesses in its present organization and has taken steps to redress it by establishing PRODEM, as an independent company under its auspices to carry out these responsibilities. As it puts this new organization in place, the Ministry of Construction should consider taking the following actions:

Recommendations:

(1) Integrate community development considerations into the policy formulation and program planning process itself, so that the effectiveness of the shelter delivery is conceived not only in terms of the numbers of units built but also in terms of how effectively the units and accompany services meet the shelter needs of the particular target groups. This concept of community development implies a broader self-help gauge than the current case work approach. Perhaps even more important

than such a refocusing the manner in which the MOC interacts with the people it serves, this concept of community development also implies -- and gives organizational status to -- a conviction that shelter is more than the physical structure.

(2) Establish a mechanism which will evaluate, on an on-going basis, the success and failure of various efforts to deliver shelter. That mechanism must, of course, be linked to the program planning process so that results of past efforts can be factored into the planning of new schemes and projects. Evaluation systems that are overly elaborate inevitably fail; however, a systematic gathering of straightforward information about all aspects of the project -- perhaps at pre-established "critical points" in the process -- is easy to put in place without a large investment of resources and, if used, will considerably improve the MOC's performance in the future.

(3) Research and develop one or two innovative approaches to shelter delivery (such as, provision of a serviced lot at first on a leasehold basis which could become freehold given the meeting of certain criteria -- similar to the approach used by UDC in Negril) and apply them first on a small scale pilot basis to determine acceptance and feasibility. This would have the twin advantages of allowing the Ministry to eliminate possibly problematic areas before undertaking development on a large scale and to mount a new program in the relatively near term.

(4) Work with private "systems builders" to determine if lower cost, adaptable systems units could be provided for installation in diverse sites (for example, inner city areas where repair is not feasible).

(5) Explore the feasibility of establishing small revolving loan funds, possibly with some grant seed money, similar to but on a smaller scale than the Urban Development Action Grant (UDAG) program which has been used in the U.S. for similar purposes. The seed money could be used to leverage private resources to carry out limited upgrading of deteriorating inner city areas.

(6) Establish effective cost recovery mechanisms. The Ministry is rightly concerned with cost recovery; however, effectiveness of cost recovery will depend in part on the community acceptance of the concept. In the case of new projects, the education process should not be too difficult; in the case of existing projects, however, where costs have not been recovered, a strategy that involves some element of participation of the participants and perhaps forgiveness of arrears should

be considered. As a corollary to the effort to solve the immediate problem of cost recovery, a general public information/education program could enhance the MOC's credibility. To achieve this end, the information program should have to emphasize the facts about who is served by government-sponsored housing as well as about the variety of programs in which the MOC works. A danger in mounting such a program is, of course, the raising of expectations that will not be able to be realized; therefore, if such a program is undertaken, it should be in concert with the opening of a scheme for occupancy or the undertaking of a specific project by the MOC.

6. General Shelter Sector Recommendations

6.1 Target Population

It seems clear that in planning a housing program it is necessary to understand the needs and the nature of the particular communities being served. At the present time, while there have been excellent studies made, some of the information about these target groups is dated and the extent to which some of the findings are generalizable is uncertain. For example, the following issues are important to the design of shelter delivery on both the policy and the program level: (1) verification of the rural/urban migration pattern -- is it largely to the inner city as Eyre has found? or is it equally to outlying squatter settlements as others have assumed? (2) verification of the internal urban migration pattern -- what motivates/inhibits movement within the city? from one yard to another? from yard to settlement? (3) understanding of the extent to which the middle income household plays a role in shelter

delivery -- what is the incidence, for example, of middle income subletting? These issues are especially significant to the GOJ as it seeks to strike an appropriate balance among the types of programs that it seeks to provide in order to serve, in some respect, the shelter needs of various aspects of the population.

Recommendation: Although often considered a "cop out" or an easy recommendation to make; nonetheless, efforts should be undertaken to address these issues, and, of course, once the information is gathered, to use it in the policy formulation and program planning process. The efforts to understand these issues, however, do not have to result from a global study. They can be understood, in part, "from the ground up," if effective and systematic community development work is done as new projects are initiated. This approach will not help with the initial focusing of those projects, but will be able to help in future similar efforts. Also, cooperation with graduate students from the University interested in urban development could yield another source of information. Attempts to address these questions could be made in concert by the various agencies involved in shelter delivery and in the implementation of the rural settlement program.

6.2 Land Development

The issues of accessible land and of secure tenure are of critical importance to the shelter delivery system. However, a revision of the tenure system, for example, would be not be a realistic approach to the providing for either in the short term. The GOJ, however, has some tools at its disposal, such as its power to acquire land and its ability to establish policy directions.

Recommendation: Complementing the GOJ's current effort to develop a comprehensive land policy and as a means to facilitating short term results in the shelter sector, an inventory should be made of the unbuilt land within and surrounding the urban areas. This inventory need not be a full-scale cadastral study, but should, among other things, determine titleholders and the extent of "premature subdivision." Following such an inventory, the GOJ could make a determination as to appropriateness for housing and pursue acquisition of land in a systematic manner. In addition, the GOJ (MOFP) should examine the longer-range possibility of providing incentives (or disincentives to allowing the land to remain idle) through the tax system for the construction of housing on that land.

SECTION 3: COUNTRY SITUATION

a. Introduction

Jamaica is the Caribbean's largest independent democracy. It was a British colony before achieving independence in 1962 and since that time has been a parliamentary democracy with basically a two-party system. What follows is a description of Jamaica's geography, economy, and demography.

b. Geography

With Cuba, Dominican Republic and Puerto Rico, Jamaica lies in that part of the West Indies known as the the Greater Antilles. With an area of approximately 4,400 miles, Jamaica is the third largest island in the Caribbean, after Cuba and Hispaniola, and the largest of the English-speaking islands. At its greatest length, it is 146 miles and at its greatest width, it is 51 miles.

* The information in this section, except where referenced, is drawn from USAID, Countries of the Caribbean, a Regional Profile (1979) and the World Bank, "Jamaica: Development Issues and Economic Prospects," 1981."

Jamaica lies at midcenter of the southern hurricane track and it also contains earthquake risk areas. Although it has not had a major hurricane since Allen in 1951, it is nonetheless vulnerable. In 1907, the city of Port Royal, across the bay from Kingston, was leveled by an earthquake.

Within its small area, Jamaica has a relatively diverse topography, characterized by the steep mountains (most famous are the Blue Mountains), limestone hills and plateaus, interior valleys and a flat alluvial coastal plain. Almost half of its land area is over 1,000 feet. The southern coastal plain contains some of the best agricultural land in Jamaica.

The climate of Jamaica is basically tropical; however, because of the range in topography, the climate varies from region to region. This is especially true with regard to rainfall, which ranges from 30 inches on the agricultural southern plain (making irrigation necessary) to upwards of 150 inches in portions of the Blue Mountains. The climate is further modified by north east winds, trade winds, and alternating land and sea breezes. The average temperature is 80°; however, temperatures are generally cooler on the northern coast, where the most beautiful beaches and the center of the tourist industry lie.

c. Economic Overview

Agriculture (sugar and bananas), mining (alumina and bauxite) and manufacturing are the three productive sectors most important to the economy of Jamaica. However, during the past decade, Jamaica has experienced a severe and sustained general economic decline reflected by each of these sectors. During this period, the only sector that expanded was the public sector. Per capita GDP peaked in 1972 and has declined every year since. The estimated total decline between 1972 and 1980 is 26%.

However, in its latest Economic and Social Survey, for the first half of 1981, the Government of Jamaica reports that this economic decline that has persisted over the past ten years has been abated. The Gross Domestic Product, per capita GDP, inflation and unemployment all improved during this period.

Jamaica has a relatively open economy that is dependent on foreign energy sources. Thus, at least part of its economic decline can be attributed to this dependence. In addition, large outflows of labor and capital have occurred, further contributing the economic difficulties.

Unemployment is a continuing serious problem for Jamaica, with official estimates ranging as high as 25% for the population as a whole and over 50% in certain segments of the population, such as youth between 14-20.

Women, as a group, experience higher rates of unemployment than do men. Inflation has been variable over the past decade, peaking at 27% in 1973, declining to 8.1% in 1976 and then soaring to 49% in 1978, prompting the first of Jamaica's two devaluations during the past decade. The inflation rate decreased to 20% in 1979 but rose to 29% in 1980. Wages have not kept pace with inflation.

One of the persistent problems in Jamaica is that of foreign exchange. Indeed, when the current Government came into office at the end of 1980, it had to borrow from commercial banks to meet its obligations. The Prime Minister negotiated an agreement with the International Monetary Fund which, without unduly limiting the flexibility of the new Government to implement its economic and social development program, requires a limitation of bank credit to the public sector, a limitation of the domestic assets of the Bank of Jamaica, achievement of specified levels of international reserves and a limitation on new external borrowing.

The Government has set growth targets of 3%, 4% and 5% for 1981-82, 1982-83, and 1983-84. Its policy is to promote both domestic and international investment in Jamaica and has geared its monetary policy to reward the productive sectors of the economy.

d. Population Description

The motto of Jamaica is "Out of Many, One People." This motto reflects its ethnic diversity. The original inhabitants of Jamaica, the Arawak Indians, died out from diseases and harsh treatment received after the island was first settled by the Spanish in the sixteenth century. The present population is primarily of African heritage (their ancestors were brought over as slaves under the British), but, as the motto suggests, racially and ethnically diverse. Population subgroups include: African (76%), Afro-Europeans (15%), Indians and Afro-East Indians (3.4%), Chinese and Afro-Chinese (1.2%), Europeans, Jews, Portuguese, and Middle Easterners (4%).

The population growth rate in Jamaica is relatively low in comparison with that of other Caribbean countries. It averages about 1.5%. However, this relatively low rate of growth is attributable in large part to the large amount of emigration (equalling about 20,000 per annum, or approximately 1% of the 2.172 million inhabitants of Jamaica. Crude birth rate per 1,000 is estimated at 28.5, crude death rate per 1,000 is estimated at 6.5 and infant mortality per 1,000 live births at 26.3.

Jamaica has a population density of over 400 per square mile, making it one of the most densely populated countries in the world.

As discussed in greater detail in Section 4 of this Assessment, the urban population growth rate greatly exceeds that for the country as a whole, averaging about 72% of total growth. Migration to the urban areas from the countryside is a continuing problem and is characterized by a larger migration of women than of men. Urban migration has accelerated since 1960, with the largest concentration of population in Kingston-St. Andrew.

Most of the population of Jamaica is Christian, with the Anglican Church being dominant. However, there are numerous other denominations. The Rastafarians are perhaps the one of the most distinctive cultural subgroups in Jamaica. They are known for their reggae music and for their belief that Africa is their spiritual homeland and the late Haile Selassie their spiritual father. There are also in Jamaica a small number of Moslems, Hindus and Jews.

The official literacy rate for adults is 86%; however, estimates are that functional literacy is between 50% and 70%. Nonetheless, education is a high value in Jamaica and is perceived as a mechanism for social mobility.

The median income is estimated at \$1,991.60 for women and \$2,540 for men. Approximately 25% is estimated to be expended for shelter. 61.2% of the national income is earned by those in the highest

quintile of population and 2.2% is earned by those in the lowest quintile.

Mortality patterns have changed during the last two decades. There has been a general decline in deaths from communicable and infectious diseases and a rise in those from cardiovascular disease, heart disease and cancer. In 1970, the average life expectancy was 67 years. Reliance on starchy food and limited protein characterizes the diet of the poor in Jamaica as it does in many parts of the world.

SECTION 4: SHELTER SECTOR DESCRIPTION AND ANALYSIS

a. Government and Its Relation to Shelter

Basic Organization of Government and Organizations Affecting Housing and Urban Development

1.1. Type of Government

Jamaica, which became an independent nation in 1962, is a parliamentary democracy in the British Commonwealth, with the Queen of England as its titular head. The Queen appoints a Governor General to represent her; he may not be affiliated with a particular political party, but is appointed with advice of the Prime Minister. Jamaica's laws and government exist under the Constitution of 1962, and neither Queen nor the Governor General has authority in the administration of the Government of Jamaica. Executive and legislative power and responsibility rest with the bicameral Parliament.

The Upper House or Senate consists of 21 Senators, 13 of whom are appointed by the Governor General on the advice of the Prime Minister and 8 of whom are appointed on the advice of the Leader of the Opposition. The Senate usually functions as a review chamber for bills initiated by the Lower House but does have some legis-

lative powers. The Lower House or the House of Representatives consists of 60 members elected by universal adult suffrage. It is with this body that most legislative responsibility and power rests, including the exclusive power to initiate Money Bills through which Government allocates its resources.

The Prime Minister is the Chief Executive and, in practice, the leader of the political party in power. He presides over a Cabinet consisting presently of 15 Ministers drawn from members of the Houses of Parliament. (See Appendix for listing of current Ministries) The Cabinet ministries are responsible for Government policy formulation and implementation, in the areas of their jurisdiction. The Prime Minister has the over all responsibility for the business of Government, except where specifically limited by law, he has the power to make decisions without consultation with Parliament.

Each Ministry is administered by a Permanent Secretary who is a senior civil servant. Various departments, committees and other bodies fall under the Ministries. Important among these, particularly for the shelter sector, are statutory bodies which are created by law when a Ministry is unable to meet particular needs of Government. A statutory body falls under the general control of the Ministry but enjoys some degree of autonomy; furthermore, its personnel are more highly

paid than civil servants but do not share their security of tenure. In practice, statutory bodies have been created when the carrying out of rather specific tasks requires highly skilled personnel and organizational flexibility.

During the past decade, the Government of Jamaica has grown tremendously. There are, at present, in addition to the 15 Ministries, an estimated 1,200 Government entities, including statutory bodies, (Artus, 1976). This growth has led, among other things, to a drain on the already short supply of qualified managerial and technical personnel available to the Government. In line with its policy of reducing the intervention of Government in the private sector, the Government is currently taking steps to divest itself of those Government entities engaged in production (some of which it obtained under the past administration through nationalization) and to review and rationalize the roles of the others.

1.2. Local Government

The primary unit of local government is the parish. There are 14 parishes throughout Jamaica, of which 2, Kingston and St. Andrew, are consolidated for purposes of local government and administered through the Kingston and St. Andrew Corporation (KSAC). The other 12 parishes are administered by elected Parish Councils

which are responsible for such activities as road construction, poor relief, and recreation. Parishes receive revenues from local taxes and as much as 90% of their total revenues from the central government through loans and grants. (Artus, 1976)

1.3. 1980 Election

On October 30, 1980, the Jamaican Labour Party (JLP) under the leadership of Edward Seaga came into power. The JLP won 51 seats in Parliament and ended the eight-year administration of Michael Manley and the Peoples National Party (PNP) with the largest plurality in the electoral history of the country. The JLP won on the basis of a platform to revitalize the severely declining economy and to restore social stability by reinforcing the free enterprise system and the existing social institutions. Under the PNP the Government had pursued a policy of "democratic socialism" and opposed its Government to United States' imperialism. And so the election was viewed, in part, as a conflict of ideologies.

The ideological overtones and the serious economic decline experienced by Jamaica, in which unemployment ranged between 20% and 35% (50% among the youth), and the Gross Domestic Product declined (Economic and Social Survey, 1980), contributed to a severe polarization within Jamaican society. The long

election contest was heated and marred by violence; nonetheless, the transition of power from PNP to JLP was accomplished in an orderly fashion. However, this polarization is itself recognized by the JLP as a constraint to the achievement of its goals for social and economic development (Seaga, 1980).

1.4. Overview of Government Organizations Affecting Housing and Urban Development

The Government of Jamaica has played a central role in both the financing and construction of housing, particularly for the low income, and in the implementation of urban development programs through various of its organizations. In most instances, however, the delivery of housing and the implementation of urban development projects has involved both the public and the private sector. In the period 1977-1980, however, due the general economic decline and the related collapse of the construction industry, housing production in both the public and the private sector was severely curtailed.

The Government organization with the major responsibility for the delivery of housing is the Ministry of Construction. This Ministry was formerly the Ministry of Housing; in its present organization, its functions are divided between public works construction and housing. Each of these major divisions

within the Ministry has its own Permanent Secretary. The Housing Section of the Ministry of Construction is involved principally in new construction "schemes" (housing estates built on its own or leased land for which it also carries out certain management and administrative responsibilities) and in programs to upgrade certain targeted existing housing stock, such as squatter settlements. It also carries out certain activities connected with the promotion, inspection and regulation of private housing.

Other Ministries also involved in the delivery of housing are the Ministry of Agriculture, which is responsible for the provision of farm housing and the Ministry of Local Government, which is responsible for the provision of indigent housing and has responsibilities for the water supply system in Jamaica.

In addition to the direct Ministerial responsibilities, five statutory bodies play key roles in the shelter sector: the National Housing Trust (NHT), the Jamaica Mortgage Bank (JMB), the Urban Development Corporation (UDC), the Sugar Industry Housing, Ltd. (SIHL), and the National Housing Corporation (NHC).

Three of these, NHT, JMB, and UDC, are under the jurisdiction of the Ministry of Finance and Planning, the portfolio of which has been retained by the Prime Minister. The SIHL comes under the jurisdiction of the

Ministry of Agriculture and the NHC comes under the Ministry of Construction.

The NHT, a fund of contributions by employers and employees made specifically for housing, has been a major source for both the interim and long-term financing of housing for Jamaica's low and moderate income population; during the period 1977-1980, it was virtually the only source for interim financing.

The JMB's role is to foster an active mortgage market and to make home ownership accessible to moderate and low income homeowners through various activities involving the secondary market, the primary market and mortgage insurance. In the period 1977-1980, however, the secondary market activities of the JMB were virtually curtailed due, in part, to excessive liquidity of approved primary lenders.

The UDC, originally chartered in 1968 to carry out the redevelopment of the Kingston waterfront, now has the major responsibility for comprehensive urban development and rural settlement. This latter is a cornerstone of the current Government's economic and social development program.

The original function of the SIHL was to deliver housing to workers in the sugar industry through new construction of housing schemes, a program to allow workers to build on their own land, and a home improvement program. In recent months, SIHL has undertaken

project management responsibilities on behalf of the Ministry of Construction.

The NHC comes under the jurisdiction of the Ministry of Construction and has been involved in the delivery of housing primarily to middle income Jamaicans. During the period 1977-1980, it has suffered deficits.

A detailed analysis of these institutions and their roles in the shelter sector is contained in section 4.d. of this Assessment. Figure 4.0 following summarizes the activity of these agencies in housing over the period 1978-1980.

Figure 4.0

Summary of Public Sector Housing Completions

Agency	1978	1979	1980
Ministry of Construction (then Housing)	2,564	1,078	495
Ministry of Local Government	627	321	299
Ministry of Agriculture	755	404	318
Other Public Sector Agencies (1)	655	1,620	714
Total:	4,601	3,423	1,859
<p><u>Note:</u> (1) Includes statutory bodies under MOC and MOA. Figures have been adjusted to reflect subsequent downward estimates provided by agencies.</p> <p>Source: Economic and Social Survey, 1980</p>			

The dramatic downward trend in public sector housing is clearly seen in Figure 4.0. In a two-year period, housing completions were only 50% of those in prior years (an estimated average of 5,000 units per annum), which, in light of projections of need, were themselves far short.

Other Government organizations affect the shelter sector less directly but do have bearing on the way in which shelter is delivered. Chief among these are Ministry of Finance and Planning in its administration of the property tax collection system, its system of land valuation, and its role in the regulation of foreign exchange and so of imports necessary to the construction industry. In addition, the Jamaica National Investment Promotion is embarked on a program to attract investment in all productive areas of the economy, including the shelter sector.

The Ministry of Youth and Community Development also affects the shelter sector through its programs aimed at strengthening the social infrastructure, particularly through the new emphasis on vocational training for youth. Responsibility for the electrification and the regulation of electricity rests with the Ministry of Public Utilities and Transport.

2. Development Planning and Its Relation to Housing and Urban Development

The development goals of the Government of Jamaica were outlined in the JLP's manifesto Change Without Chaos. These goals are:

- Improved standards of living
- Greater social stability
- Cultural development for greater self-awareness
- conservation and development of resources
- stable democratic government

Two key objectives under these general development goals that directly affect the shelter sector are (i) the restoration and expansion of public services and (ii) the comprehensive development of the rural environment to ensure a viable and attractive quality of life. Thus, although the JLP is emphasizing the role of the private sector in its economic development, it is not turning away from a Government role in the provision of shelter and in social development.

Programs to attain these goals and objectives are now being developed and implemented by the Government, including the formulation by the Ministry of Construction of a National Housing Policy which will provide a comprehensive approach to shelter delivery and will rationalize the roles of the various institutions within

the shelter sector.

In the past, the basic responsibility for social and economic development planning has rested with the National Planning Agency (NPA) under the Ministry of Finance and Planning. The NPA was responsible for the Five Year Development Plan, 1978-1982, which was written under the previous administration. Although it was presented as a non-partisan document, the plan has not been adopted by the present Government. The NPA has also had the responsibility for issuing a macro economic review annually and an economic and social survey report biannually, the most recent one issued for the first half of 1981. Nonetheless, the NPA's future role in development planning is unclear at the present time.

The JLP's manifesto, Change Without Chaos, suggests that its approach to development planning is to consider economic and social development within a longer time period than that of the five-year plan, because it believes that the fundamental problems facing Jamaica "will take a generation or more to treat effectively." (Seaga, 1981: 1) Further the Prime Minister has also indicated that a strongly centralized planning process is not desirable in the Jamaican context. Nonetheless, the JLP does plan a phased approach to the long-range programs that it develops.

A major role in development planning is carried out by the Town Planning Department (TPD), under the

Government Town Planner, in the Ministry of Finance and Planning. Although it was associated from its inception with housing, having been founded in 1950 by the Chairman of the Central Housing Authority, TPD relinquished its housing responsibilities in 1956 when the Department of Housing was first formed. (Samuels, 1981: 9) The physical planning unit of the TPD was established in 1966 with assistance from the UNDP. Its purpose was to prepare a National Physical Plan that would include an analysis of the spatial development of industry, tourism, recreation, conservation and housing. Since that time, TPD has concentrated on physical planning and has had the responsibility, in collaboration with the NPA, for the development of two physical plans: National Physical Plan, 1978-1998 and National Physical Plan, 1970-1990. The latter plan was accompanied by a national atlas prepared by urban geographers. In addition to the two physical plans, four of six Regional Plans have been completed and urban plans have been and are being prepared for major cities throughout Jamaica.

The earlier of the two plans was developed when the JLP was formerly in power and contains the outlines of a rural settlement scheme which the UDC is in the process of implementing. The JLP has announced its intention of updating the National Physical Plan, 1970-1990, but also of basically implementing that plan.

However, it also believes that there are no "serious differences" between the two National Physical Plans and will adopt the increased number of growth centers reflected in the second plan. (Seaga, 1981: 3) The premises on which both Plans are based are that land is the basic resource of Jamaica and that a conscious policy must be adopted that will take into account the national interest as a whole and the diverse needs of the people of Jamaica. One of the key aims is to bring about a wider distribution of urban facilities and integrated regional development throughout the country. (Seaga, 1980:4-5) Although the program that is described is that of the upgrading of rural towns, it was conceived of as a way of to relieve the population pressure and urban growth problems of the Kingston metropolitan area as well as a way to distribute wealth and population more evenly throughout the country.

Although the National Physical Plan, 1970-1990 was never implemented largely because of the defeat of the JLP by the PNP, other constraints on implementation of the plan (the 1978-1998 Plan was not implemented either) exist as well. Chief among these has been the declining economy as a whole and so a climate inhospitable to investment. In addition, fragmentation of responsibility between the planning agency (TPD) and various implementing agencies has placed a constraint upon implementation.

Another major institution involved in development planning and implementation is the Urban Development Corporation. In 1968, the UDC was established as a statutory body under the Ministry of Finance and Planning to undertake comprehensive development programs in selected areas and in so doing to ensure the efficient coordination of effort and resources between the public and private sector, to have full legal authority to plan and to carry out its program in designated areas and to have independent powers of financing. The UDC, which has a reputation for succeeding in its efforts, has completed projects to date that have redeveloped the Kingston waterfront and the northern coastal town of Ocho Rios and that have developed the Hellshire Hills area adjacent to Kingston and Negril, an area in the western portion of the island.

3. Current Government Legislation and Policies on Housing, Land and Urban Development, Building and Infrastructure Codes and Standards, Land Use Planning

3.1. Housing Legislation and Policies

The Housing Act of 1969 in effect makes the Minister of Construction the housing authority for the entire country. The Act sets out the requirements for preparing and approving housing schemes, emergency

housing, slum clearance and improvements, land acquisition. The Minister is empowered by the Act to require a local Parish to take over a housing scheme for the purposes of maintenance once it is completed to his satisfaction; however, an apparent deficiency in this process is that the Act contains no provision for allocation of funds for that maintenance (Oakley, 1981).

At the present time, the Ministry of Construction is developing a national housing policy which will define the roles of the various institutions in the shelter sector. In his State of the Nation Address, delivered earlier this year, the Prime Minister placed emphasis on the interdependent roles of the public and private sector agencies in the shelter sector and assured that the National Housing Policy would include procedures to ensure "logical and national inter and intra sectoral coordination." (Seaga, 1981: 1)

Although a formalized policy has not yet been adopted, there are various actions that the Government has taken, which together constitute a de facto policy. Among these are:

- A decision to complete the projects undertaken by the previous Government prior to embarking upon new projects. This includes the completion of units in the pipeline, including 3,288 units financed by the World Bank, which are to be completed, under the terms of an

Agreement with the World Bank, by the middle of 1982.

(Cunningham, 1981: 6)

- A decision that housing should not be subsidized but rather should be made affordable and so to put in place a cost recovery mechanism for the schemes already occupied. (Interviews, November 1981)

- A decision to pursue both long-range and medium-range solutions to the question of affordability by means of reducing construction costs, including exploration of a program to identify indigenous materials to be substituted for costly imports; consideration of the elimination of certain "finishing" standards, not necessary to health and safety, in new construction; exploration of the possibility of greater use of the "systems" approach to building. (Golding, 1981)

- A decision that rents should continue to be regulated. (Golding, 1981)

- A decision to continue efforts to improve the quality of life in urban areas and to preserve existing housing stock through urban and squatter upgrading programs. (Interviews, November 1981)

- A decision to draft legislation to regulate certain activities, including provision for licensing, of real estate dealers, developers, architects, engineers and contractors so as to protect the public from unscrupulous practices. (Seaga, 1981: 4)

3.2. Land and Urban Development Policies

Two major pieces of legislation govern planning in Jamaica: The Local Improvements Act of 1914 and the Town and Country Planning Act of 1958. The Local Improvements Act was enacted to control only the subdivision of land rather than to control a more comprehensive development process. However, it can be seen as an attempt to order land use against certain criteria, such as lot size. (Samuels, 1981: 18 ff) At the present time, application to subdivide must be made to the local Parish Council and approval must be ratified by the Minister.

The Town and Country Planning Act was enacted to control development, that is, as defined by the Act, to control the carrying out of any building, engineering, mining or other operations, in, on, over or under land or any material change in the use of any buildings or other lands and has become a mechanism for long-range planning. (TCPA, 1958, Section 5) Several amendments to the Act which would strengthen this aspect of the law and effectively incorporate the Local Improvements Act

(so as to eliminate the system of double approval in the case of subdivision and development) have been proposed and are currently under review. (Interviews, November 1981)

At the present time, those wishing to develop areas that are under "Development Orders" must submit an application to the local Parish Council, which has the ultimate approval authority. However, the Parish Council is required to submit the application for review and comment by the Government Town Planner, TPD, and, in most instances, the advice of the Government Town Planner is taken. The Act provides that the Minister of Finance and Planning can override any decision of the Parish Councils in such planning matters.

The approval process generally takes from three to four months, due largely to problems of completeness in the filing of applications and to problems of coordination. (Interviews, November 1981) The approval process is perceived generally to be cumbersome but does not seem to have been a significant deterrent to development activity.

In addition to these two laws, the Government is also currently working on a comprehensive land policy to rationalize the existing 110 laws that currently affect land. The policy will cover the following areas: (i) land use; (ii) ownership, access, and tenure; (iii) land management and zoning; (iv) acquisition and divestment;

(v) taxation and prices. An interagency committee has been convened under the auspices of the Ministry of Finance and Planning to develop this policy.

3.3. Building and Infrastructure Codes

At the present time, building standards have been reviewed and the Ministry of Finance and Planning is in the process of issuing the technical aspects of the code as a policy document. This document will not address itself to the legal or administrative issues, and so is not enforceable; however, by issuing the code first as a policy document, the Government hopes for an immediate impact on the manner in which construction takes place. However, it is important to note that even with the revision of the code, approximately 60% of the housing in Jamaica -- so-called "non-engineered" housing or housing built in the informal sector -- will not be affected by the code. Further, the code does not deal with all of the materials that might be used in construction. (Interviews, November 1981)

3.4 Land Use Planning

Land use planning is conceived by the Government as an essential part of the comprehensive land policy that it is in the process of developing (see section 3.2 above). Current estimates are that 46.7% of the land is used for agricultural purposes and 2.2% of the land is

urban, with 50.6% being woodland, grassland and swamp, .3% used for mining, and .2% classified as barren. (McLarty, 1978: 9) A land valuation survey that is proposed for 1982, which will, in conformance with the current "best use" land valuation policy, determine values of land that bear relation to the present use. An anticipated by-product of this process is an updating of present land use information. (Interview, November 1981)

3.5 Property Tax

The policy of the Government of Jamaica is to tax property on the basis of the "best use" of the land. The purposes of the property tax program are threefold: to force idle land held for speculative purposes into production, to provide equity among the tax payers, and to provide revenues to the central Government. The system uses a site value basis (excluding the value of improvements) and a progressive schedule of rates. There are certain statutory exemptions and relief provided for; however, the general policy includes a minimum tax of \$5 for all properties valued at J\$2,000 (US\$1,140) and below. Estimates for property tax receipts for the period 1980-81 are J\$28,000,000 (US\$15,960,000). (Ministry of Finance and Planning, 1981)

The present tax system came into effect in 1974, and

there are several proposals for revising it, including a new system of collections, as the collection of property taxes is seriously in arrears (estimated J\$43 million, US\$24.5 million). Those arrears, however, include 6,000 "objections" that have been made to the land valuation and that have not been settled. Efforts are now being made to collect those taxes. Further, a revision of the relatively high tax rates is also being proposed. (Interview, November 1981) (See appendix for property tax revenues.)

4. Government Expenditures in the Shelter Sector

"The Estimates of Expenditure for Year Ending 31st March 1982" presents a total budget for the Government of Jamaica in the amount of J\$1,778,278,087 (US\$1,013,615,000). This figure includes both capital and recurrent expenditures but excludes certain extra-budgetary funds and decentralized agencies/statutory bodies.

Based on this budget, Figure 4.1 shows the gross amounts of expenditure (capital and recurrent) estimated for housing, development planning and infrastructure (excluding roads, health and other social infrastructure) for the current fiscal year.

Figure 4.1

Shelter Related Expenditure Estimates 1981-82

Category/ Agency	\$J	\$US
<u>Housing</u>		
MOC/H (1)	49,786,260	28,378,168
MOLG (2)	1,500,000	855,000
MOA (3)	2,000,000	1,140,000
MOFP (4)	10,000,000	5,700,000
Subtotal:	63,286,260	36,073,168
<u>Development Planning</u>		
MOFP/TPD (5)	1,472,700	839,439
MOFP/NPA (6)	1,920,000	1,094,400
Subtotal:	3,392,700	1,933,839
<u>Infrastructure</u>		
MOLG/H ₂ O & sewer (7)	49,381,497	28,147,453
MPWT/electric (8)	12,664,898	7,218,992
Subtotal:	62,046,898	35,366,445
<u>GRAND TOTAL:</u>	128,724,655	73,373,452

Source: Jamaica "Estimates of Expenditure for the Year Ending 31st March 1982, as Presented to the House of Representatives on the 7th May, 1981.

Notes to Figure 4.1:

(1), Ministry of Construction/Housing Section expenditures, including grant from Consolidated Fund and external aid.

(2) Ministry of Local Government expenditures for indigent housing.

(3) Ministry of Agriculture expenditures for farm housing; level figure from 1980-81 assumed.

(4) Ministry of Finance and Planning contribution to the National Housing Trust.

(5) Ministry of Finance and Planning expenditures for entire Town and Planning Department.

(6) Ministry of Finance and Planning expenditures for entire National Planning Agency.

(7) Ministry of Local Government expenditures for water and sewage projects including central government expenditures and local government grants and external assistance.

(8) Ministry of Public Utilities and Transport expenditures for rural electrification and regulation of electricity.

Figure 4.1 shows that approximately 3.5% of the total budget of the Government of Jamaica is allocated directly to the provision of housing for the 1981-82 period. Almost equal to that amount (approximately 3%) is the amount allocated for water, sewage and electricity. (This amount includes the provision of this infrastructure and services for all purposes and so is not solely related to the delivery of shelter.)

Development planning, as represented by NPA and TPD, the two agencies of Government devoted exclusively to that task, represents less than one half of a percent (.02%) according to these GOJ Estimates of Expenditure.

Based on figures compiled by the World Bank, an additional expenditure of approximately J\$150,000,000 (US\$85,500,000) can be estimated in the housing sector by the NHC (15%), the NHT (70%) and the JMB (15%) collectively. This extrabudgetary expenditure includes both recurrent and capital expenditures and effectively doubles the amount included for housing and related items in the budget. World Bank figures also show that collective expenditure of another approximately J\$150,000,000 by the UDC, the National Water Commission and the National Water Authority in activities related to the shelter sector can be estimated during this same time.

Of all the public sector entities investing in the shelter sector, the NHT is the only one that currently

has a projected overall surplus (J\$6,000,000; US\$3,420,000). Figure 4.2 shows the overall surplus or deficit status for the NHT, NHC, and JMB projected for the period 1981-82 -- 1983-84.

Figure 4.2

Overall Surplus/Deficit and Unfinanced Gap/Surplus in Public Sector Entities Investing in the Shelter Sector

	Overall Surplus/Deficit		
	1981-81	1982-83	1983-84
	\$J million		
NHC	-18.1	-9.0	-7.3
JMB	- 3.5	-3.0	-2.3
NHT	6.0	7.9	1.0
	Unfinanced Gap/Surplus		
JMB	28.4	9.5	7.8
NHC	9.8	-.8	1.3

Source: Ministry of Finance, World Bank

Figure 4.2 shows that while the NHT is the only one of these public entities that enjoys a surplus, both the National Housing Corporation and the Jamaica Mortgage Bank, (with the exception of the NHC in 1982-83) will be able to cover their overall deficits by means of external and domestic financing. Further, the first section of Figure 4.2, reflecting the overall

surplus/deficit positions of these institutions, suggests that the overall deficit of the JMB and the NHC will decrease during the next three years. Nonetheless, the figure also suggests that self sufficiency of these two institutions is not a short range proposition. However, policy decisions that change the mode of operations or provide for additional revenues, such as the proposed sale of JMB bonds, could well alter these projections.

Within the housing budget itself, the Housing Fund, intended to provide capital for the development of low income housing, has also been operating at a deficit, with the deficit being made up by a direct grant from the Central Government's Consolidated Fund. (GOJ, Estimates of Expenditure FY 1982) Further, because of failure to recover participant costs, housing provided under this Fund has, in effect, been subsidized by the Government.

Since interest rates are set by the Government and are currently at 14% on the open market (well below interest rates for other investments), a case could be made that the mortgage rate policy subsidizes homeowners. Further, the sliding scale of interest rate used by the NHT provides a type of cross subsidy in which the higher income contributors subsidize the lower income contributors.

The intention and policy of the Government, however,

is not to subsidize housing to any great extent, but instead to provide "affordable" housing so that Jamaicans can receive appropriate shelter without Government subsidy. (Interviews, November 1981) Within the Jamaican population itself, nonetheless, a significant body of opinion exists in the private sector that the very low end of the income spectrum will inevitably be subsidized by the Government. Those taking this position tend to suggest subsidy of the production of housing (eg., via tax credits).

The Government has recently liberalized its import licensing policies to favor allocation of foreign exchange resources to the productive sectors of the economy; this liberalization could affect the delivery of shelter, although the large category of "Construction and Installation," which includes shelter presently accounts for one of the smallest shares in overall value of licenses granted. (Economic and Social Survey, January-June 1981) In tandem with longer range solutions to bolster the construction industry, such as lowering the foreign exchange component of construction by using more indigenous materials (see section 4.e), consideration could be given to the short-range solution of reducing import duties and/or liberalizing restrictions on imported materials for construction. In addition to stimulating the construction industry, such a policy could also be used as a means of reducing costs and so

the need for subsidy. Such a decision, however, would have to be examined carefully in light of the economy as a whole and Jamaica's balance of payments position.

At the present time, the costs associated with the provision of shelter are expected to be recovered, (although there has been a deficient implementation of this policy in the past) including those associated with land acquisition and infrastructure development. In light of the great rise in construction costs and the critical issue of effective demand, various proposals are being put forward as to how the public expenditure for the provision of shelter can be maximized.

In addition to proposals to cut construction costs in various ways and to provide alternative types of shelter (see Sections 4.d and 4.e of this Assessment), there are several proposals that bear on the financial relationship of mortgagee to mortgagor including the following:

- subsidized land (in the case of Government ownership especially)-- this is effectively taking place where there has been no cost recovery -- including leasehold mortgages. (McLarty, 1978; Interviews, November 1981)

- amortization of some of the costs over different time periods, for instance, those associated

with infrastructure development, especially water and sewerage, could be immediately borne by the public utilities instead of being allocated on a per unit basis in the initial selling price; the utility would then recover its costs over a 20-25 year period by the application of user fees. Chen-Young argues that this proposal would result in 20% more people being able to qualify for mortgages in the open market using current policies. (Chen-Young, 1981)

- lowering of interest rates by a mix of public sector housing funds and the private sector institution savings funds. (Building Societies Association of Jamaica, Ltd., 1981)

- changing mortgage granting policies to allow combination of incomes of household members or of other supporting persons to be applied in determining eligibility, to introduce graduated payments, to modify the income/mortgage ratios. (Interviews, November 1981)

- experimenting with mortgage instruments that are structured in such a way so as to give the investor a fair return on investment rather than to ensure repayment of principal. (Beckford, 1981)

It is beyond the scope of this present assessment

to determine the feasibility of any or all of these proposals. However, each is sufficiently serious to merit further analysis. Because these proposals come from those with diverse interests in the shelter sector, taken collectively, the proposals are evidence of the severe pressure in the shelter sector. This pressure is being felt by the middle income as well as the lower income person who wishes to own a home and sees costs greatly outstripping ability to pay. It is being felt by the developer who sees new construction as a risky venture at best. It is being felt by the financial institutions which make their money from investment in the shelter sector and which see the affordability issue as drying up their market. It is being felt by the Government which is finding that its resources cannot meet the shelter needs of Jamaica.

b. Analysis of Current Situation in Housing and Projection of Needs

5. Overview of Housing Needs and Effective Demand

In a recent study of housing needs in Jamaica, Odwin-Hinds indicates that the minimal house desired by Jamaicans is "a two-bedroom detached unit, with tile flooring, concrete roof and walls of block and steel." (Odwin-Hinds, 1981: 2) However, most Jamaicans are not housed in dwellings that conform to the minimal standard

desired. While estimates and definitions of substandard housing vary, Odwin-Hinds contends that approximately 45% of low income households occupy substandard housing, in terms of the physical structure, and that the great majority of urban dwellers, inhabitants of inner city tenement yards or squatter settlements, experience overcrowding and inadequate access to water and sanitary facilities.

It is generally conceded that aspiration toward home ownership in Jamaica is strong. Indeed, in the Interim Report on a Study of Housing in Jamaica (1977), Paul Chen-Young et. al. found, based on 1970 census data, that 52% of the entire population own their residences. (1970 census data is the most recent available; the planned census for 1980 was postponed and is currently being planned for 1982.) However, home ownership is more common in rural areas than in urban areas; for example, in the Kingston/St. Andrew metropolitan area, over 90% of the population is estimated to rent or lease. (Chen-Young et. al., 1977)

In Jamaica, the urban growth rate is disproportionately high, and during the period 1970-1980, 72% of the population increase is estimated to have taken place in urban areas, particularly the Kingston Metropolitan area. (Odwin-Hinds, 1981: 3) During this same period, approximately 5,000 new units were built annually, with a significant decline in that number during the last

years of the decade (see Economic and Social Surveys for these years). The annual need for new units has been estimated at anywhere from 12,000 to 22,000 annually (see section 4.b.9 of this Assessment).

In 1980, for the country as a whole, the median income of women was J\$1,991.60 (US\$1,135.21) and the median income of men was J\$2,540.20 (US\$1,447.91). (Economic and Social Survey, 1980) Studies of household median incomes in Jamaica show that there is little difference between reported household income and individual income, since it is usual for only one member of the household to earn an income. (Odwin-Hinds, 1981)

During the period 1976 to 1980; the median weekly income of men rose by 266.2% and that of women by 263%. During that same period, the Consumer Price Index rose by 360.1%, indicating that while wages rose, there was in fact a decline in real income. (Economic and Social Survey, 1981) In terms of access to shelter, however, the situation is further complicated by the rate of increase for overall construction costs, which rose 441%. (Goldson, 1981) In effect, housing costs the average Jamaican more now than in 1976 and he or she has less money with which to pay for it.

Given a median income of J\$2,265.90 (US\$1,291.56) for the country as a whole, Odwin-Hinds estimates that half of the population can afford a house which costs J\$4,000 (US\$2,280) on the open market, given prevailing

market conditions and practices, and which costs J\$22,500 (US\$12,825) from the NHT, given current financing policies. (See Appendix for NHT income levels/rates.)

However, in 1981, that "desired" two bedroom block and steel house costs between J\$20,000 - \$25,000 (US\$11,400 - \$14,250). (Cuny 1981; Odwin-Hinds, 1981; Interviews, 1981) Since half of the Jamaicans living in Kingston fall somewhere below the the J\$5,200 level (Odwin-Hinds, 1981) and over half of all Jamaicans fall well below that level, such a structure is apparently well out of the reach of most Jamaicans. Figure 4.3, based on the projection of housing need in the KMA, demonstrates the nature of the housing shortage.

Figure 4.3
Housing Need by Income Group, 1978-1983, Kingston
Metropolitan Area

Income Group	% of total need/ population	annual housing units	maximum affordable unit
less than \$J2,265.90			\$4,000 open 22,500 NHT
less than \$J5,200	66/55.6	5,280	9,000 open 30,000 NHT
\$J5,201-\$J9,360	19/23.6	1,520	17,000 open 35,000 NHT
J\$9,361-\$J13,000	7.5/15.5	600	23,000 open 60,000 NHT
J\$13,001 and over	7.5/5.3	600	23,000+ open

Source: Adapted from E. Odwin-Hinds, "Housing in Jamaica, An Overview," 1981.

In light of the finding that 55.6% of the households fall into the lowest income group described in Figure 4.3 and that 66% of the total housing need is seen in that category, it is clear that in the Kingston Metropolitan area a disproportionate part of the burden of the housing shortage is falling on the shoulders of those with the lowest income. Indeed, from this figure, it appears that the upper middle income person has more housing choice available than any of the others, since 7.5% of the housing need is estimated for 15.5% of the population.

In order to understand the dimensions of housing need in Jamaica, however, it is necessary to disaggregate the elements of the problem and to consider the various types of housing arrangements that currently exist and the nature of the populations that they serve.

6. Urban Growth and Housing

The population growth rate which has averaged 1.5% in the past decade has been lower in Jamaica than in other areas of the Caribbean because of the high rate of emigration. This emigration accelerated to a rate of 20,000 per annum or approximately 1% of the entire Jamaican population. The easing of population growth, however, left Jamaica with a disproportionate number of

women over 14 years of age (8% more than men). It also has placed a drain on the human resources of Jamaica, for emigration takes place principally among professional and skilled workers. (Economic and Social Survey, 1980; World Bank, 1981)

While population growth rate as a whole declined during the late 1970's as a result of emigration, the same is not true of the urban population. In 1960, one third of the population was estimated to live in towns or urban areas; in 1980, approximately one half of Jamaica's population lives in urban areas -- that is, on less than 5% of the land in Jamaica. The Kingston-St. Andrew area is dominant in rural-urban migration; at the present time, more than 30% of Jamaica's population lives in the corporate area. (Economic and Social Survey, 1980)

The rural-urban migration is characterized by "push factors," or the lack of opportunity in the rural setting, rather than the more positive availability of opportunity in the urban setting. (Norton, 1978) A characteristic of the migration patterns, which differentiates it from those of many countries, is the dominance of women -- a dominance that is reflected in certain of the housing arrangements in the urban areas, notably the tenement yards (see discussion below).

The influx of migrants into the urban areas has strained the existing system. (See for example,

McLarty, 1978; Norton, 1978; McHardy, 1979) During the 1970-1980 period, of those approximately 5,000 units that were built annually, a large portion were built for middle and upper income persons; therefore, increasingly, the poor have found shelter in older, deteriorating or makeshift structures. McLarty notes in her 1978 report to the U.N. Habitat and Human Settlements Foundation that 24 out of 67 neighborhoods in the Kingston metropolitan area were found to have extremely overcrowded conditions in a high percentage of the houses. She estimates that 51% of the population of Kingston lives in high density areas and 23% live in squatter settlements (also called shanty towns). (McLarty, 1978: 13 ff)

Figure 4.4 shows the housing characteristics for Kingston based on data from the 1968 Sanitary Survey.

Figure 4.4

Residential Types in Kingston: Density Characteristics

Type	av. lot size*	\$ per room	# per toilet	population #	population %
transition zone	4106	2.2	5.9	85494	22.6
shanty towns (1)	10311	2.4	7.3	86386	22.8
high density					
• old	6137	2.0	4.6	108685	28.7
• new(2)	6975	1.6	2.1	24767	6.5
medium density	12300	1.2	2.6	52239	13.8
low density					
• old	27813	0.6	1.3	6423	1.7
• new	24897	0.9	1.8	14611	3.9

Notes:

(1) The term does not differentiate here between yards and squatter settlements; it means any settlement that, based on aerial photography, is determined to be of an informal nature.

(2) New high density housing here is mostly government housing schemes.

Source: Ann Norton, "Shanties and Skyscrapers, Growth and Structure of Modern Kingston," based on 1968 Sanitary Survey data.

Although the confusion of squatter settlements and yards distorts the data in Figure 4.4, they nonetheless show that of the options open to the low income person (items 1-4 in Figure 4.4), the "new" high density option is

substantially more desirable than the other options in terms of density and sanitation. Only 6.5% of the total population had access to such shelter, however.

The data in Figure 4.4 are dated; however, they indicate the nature of crowding in the principal urban area of Kingston. With the increase in population and the failure of new construction to keep pace with that growth, density has undoubtedly increased. The 1977 Kingston Metropolitan Plan, for example, estimates a density of 4 persons per room in 20% of the metropolitan area, and, based on 1977 data, estimates as many as 13.4 persons per "hygienic water closet" in certain parts of the Kingston Metropolitan Area (KMA). (The increased number of persons per toilet is probably not so great as at first appears, since it is likely that Norton included latrines in her definition.) Further, a large number of units (7% total KMA and as much as 65% of certain parts of the KMA) not only have shared access to water, but have to use public standpipes located outside of their yards. (Kingston Metropolitan Regional Plan, 1977: 6.1 - 6.4)

In a 1979 study, using a standard of more than 4 persons per room and more than 8 persons per toilet as a barometer of overcrowding in the Kingston Metropolitan area, McHardy found a total of 20,463 units in need of replacement (10,885) or upgrading (9,578). Based on this analysis, the projected housing need for the

Kingston Metropolitan area in the period 1978-83 was 40,000 units.

7. Types of Housing

7.1. Yards

Often the first stop for the migrant to the city is the central city yard or the equivalent of an inner city slum dwelling, in which sanitation and cooking facilities are usually shared and which are often characterized by overcrowding. The yard has existed in Jamaica since the eighteenth century when a law was enacted that required enclosure of more than four dwelling units on single lot. (Brodber, 1975: 6)

Today, yards provide rental accommodations for those on the lowest end of the socio-economic spectrum. Although the rents for these accommodations are relatively high (the Kingston Metropolitan Regional Plan estimates an average J\$30 [US\$17.10] per room per month), there are difficulties frequently with rent collection. These difficulties have been put forward as a reason for the lack of maintenance in the yards in general and so also for the apparent accelerated deterioration of the structures, which are usually among the urban areas' oldest, in recent years. (Stone, 1981)

Nonetheless, the yards are often perceived by their inhabitants, according to Brodber's 1975 study, as a

starting point on the socio-economic scale. She reports that residents tend to be mobile (average tenure is 5 years); however, some of the mobility is between yards rather than to other types of housing. There are two types of yards: Tenement yards and Government yards.

Tenement yards vary in their configuration, but generally are characterized by a number of small units on a single lot with zinc fencing demarcating an individual yard. There may be, for example, several yards on the grounds of a single large house. Sometimes the landlord is present; more often he is absent.

Government yards are characterized by a single narrow building consisting of several rooms, each of which is rented out.

Brodber found in her study of the yards that tenants had a slightly more positive opinion of the government yards than of the tenement yards. However, she also reports a substantial degree of ambivalence about the yard in general. It is perceived as contributing to a low status in society, but in many instances, the yard residents are highly interdependent and share responsibilities such as child care.

A phenomenon of the yard is the high proportion of women who are yard residents. This disproportionate representation of women in the yards, or what are perceived generally to be the worst housing situations,

is explained in part by the higher number of women than men who migrate to the city and their lower level of skills (generally they find work as domestics or "higglers") which command lower incomes. Brodber also hypothesizes that the community of the yard is a reason that more women than men live there and that "women without steady partners" have a strong emotional dependence on this community. (Note: The pattern of family formation in Jamaica suggests that although many of the women residents have children, by and large the residents of yards are not yet at the family formation stage. Thus, they often send their children to live with their own mothers. However, this phenomenon of sending children away is not exclusively a phenomenon of the yard dweller, but occurs also both when there is a "steady partner" present and in other housing arrangements.) (See, for example, Roberts, 1978)

Eyre found in the Montego Bay area that the population of the central city yards has declined from 42% to 11.4% of total population during the 1958 -1978 period. (Eyre, 1978) This represents an absolute decline as well as proportional decline. The extent to which such a phenomenon is true in the KMA is not documented.

7.2. Squatter Settlements/Shanty Towns

The terms squatter settlement and shanty towns are often used interchangeably (indeed, "shanty town" is

sometimes used to cover the informal aspect of the yard settlements in the inner city); however, there are within the general category two distinct types: "capture" and "rent spot." (Eyre, 1978) In the case of "capture," the land is squatted; in the case of "rent spot," the land is leased by the payment of ground rent. Eyre reports that the average rent for a "spot" in Montego Bay in 1978 was J\$50 per year (US\$28.50) -- considerably cheaper than the estimated rent for a room in a yard. In the case of "rent spots," subletting can and does occur on larger pieces of land, and as this process progresses, density increases.

Although there is some disagreement about the role of such settlements in general, there is evidence that they reflect "more of urban vigor than of urban breakdown" (Eyre, 1972: 395) in Jamaica. In effect, squatter settlements are a way of providing cheap housing with fairly secure tenure to a relatively large segment of the population that would not, through the traditional mechanisms, have access to shelter. Eyre has found that the populations of these informal settlements show a great deal more stability than those of the yards. Population is less dense, with one family per house and one house per site, and facilities are not shared except for water standpipes. In his 1972 study for example, Patterson found that approximately 72% of those informal settlement dwellers with secure tenure were willing to

borrow to improve their homes.

The desire for "more privacy, more space, more social standing" often drives people out of the tenement yard. Often this movement occurs when a person is at a stage of family formation and has acquired petty capital but may not have permanent employment. Generally, the settlement household is headed by a male. (Eyre, 1972) Although there is the perception in some of the literature that most of the settlement dwellers are migrants from the rural areas, Eyre found in his work that the large majority of settlement dwellers are already urban dwellers. He also found in the Montego Bay area that 63% of the city's residents in 1978 lived in such areas (as opposed, for example, to 8% who were then living in government housing).

Structures put in place in these informal settlements are, at first, usually one-room shelters of wood; often a fence is built around them. Eyre has found in the Montego Bay area, however, that with time and security of tenure, the residents of these informal areas invest substantially in their housing. It is not unusual to find large, block and steel structures in established settlement areas.

7.3. Other Urban Dwellings

New urban dwellings are constructed generally of concrete block and steel. They tend to be single family

detached units of varying size and to be built at the periphery of the city. Some multi-family, medium rise buildings have been built in Kingston and on the north coast; generally, however, these are high income dwellings, frequently condominium. Some multi-family structures have been built for cooperative housing among the low income.

7.4. Rural Housing

Most rural housing is single family, built on scattered lots in the countryside, making infra-structural support difficult. A recent study of rural housing in Jamaica reports that traditional methods of construction are used and that the dwellings tend to be small because of cost and uncertainty of land tenure. Further, the availability of "outside space" is seen to compensate for lack of "inside space." (Cuny, 1981) Block and steel can be found in the rural areas; however, nog and wood frame houses are most commonly built. In a survey carried out in 1977, Chen-Young et. al. found that 53% of those low income persons surveyed would be willing to move to rural areas in order to own their own land.

8. Infrastructure Characteristics

As a result of the growth of the urban areas, most of the existing infrastructure is severely stressed.

Nonetheless, the basic systems exist and efforts are underway to meet the increasing demands placed upon them. In addition costs associated with the delivery of these services have increased over the past decade. Figure 4.5 illustrates these changes.

Figure 4.5
Basic Service Costs, 1972-1980

	1972	1980	Increase
Jc			
Water (average price for first 12,000 gallons per residential client)	7.95c	23.7c	198%
Electricity (average revenue per kilowatt per residential client)	2.5c	19.2c	668%
Bus Service (adult fare first stage)	5.0c	40.0c	700%
Telephone (average meter per residential client)	3.0c	19.0c	533%
Source: <u>Change Without Chaos</u>			

Figure 4.5 shows that the costs for these basic services have all increased significantly during the past eight years. With the exception of water, they have increased more than the Consumer Price Index.

8.1. Water

In 1979, 72% of the population of Jamaica received treated water, 16% received untreated water and 12% were

not connected to a system of water supply. (World Bank, 1981) The untreated water is judged to be of good quality. The large majority of those not connected to a water system live in the rural areas, usually outside of settlement areas and often have to carry water from rivers or other sources, often a journey of a mile or more. Many of those connected to the water system in the urban areas, particularly those in yards and squatter settlements have access only to a standpipe. In the case of yard dwellers, the standpipe is usually shared with others in the yard.

The supply of water in Jamaica is troubled by distribution problems and, in the case of new development, of coordination problems among the central government, the local government and the developer. Three administrative authorities are responsible for the supply and distribution of water throughout Jamaica. These are: the National Water Authority (NWA), the National Water Commission (NWC), and the local parish councils. NWA is a statutory body under the jurisdiction of the Ministry of Local Government and has the major responsibility for the rural areas. NWC is responsible for Kingston and St. Andrew and is administered under the KSAC. The Parish Councils have the responsibility for distributing bulk water received from NWA and for extending into unserviced areas or into areas of new development. Developers, however, bear the

cost of the extension of the system.

There are approximately 1,152 major sources of water supply throughout Jamaica. In the rural areas, particularly, however, there is a considerable dependence on small catchments. Further, while the average rainfall in Jamaica is 71 inches, there are great variations. In the Blue Mountains, rainfall is between 100 and 150 inches; however, in the Kingston area the average is between 25 and 50 inches annually. Thus, there is an imbalance in terms of supply and need.

At the present time, however, there is a World Bank funded project in the process of initial implementation to assist in the development of the water resources of the Yallahs River and the Blue Mountains for the purpose of, among other things, ensuring the water supply of the Kingston Metropolitan area until 2025. Another smaller project is envisaged to expand the rural water supply system.

Although the general quality of water in Jamaica is judged to be good, there is some concern that the groundwater might, over time, become contaminated as a result of an increasing number of septic tank or absorption sewage systems. Further, there is some concern about the effect of the wastes from the bauxite and alumina industry. (Interviews, November 1981)

8.2. Sewage

Public sewage facilities in Jamaica are confined primarily to urban areas. In Kingston, the KSAC has the responsibility for sewage; in other urban areas, the responsibility falls to the NWA.

In Kingston, treated effluent is discharged into Kingston Harbour, which has experienced some problems with water quality. The sewage system, however, reaches only certain parts of the city. The majority of the area, like other urban areas (however, Montego Bay has secondary treatment), depends upon individual septic systems or absorption pits. Further kitchen and solid wastes are often disposed of in surface waters, creating a potential hazard to public health. The World Bank is currently assisting in the establishment of centralized systems for collection and treatment of sewage.

In the rural areas, septic tanks, absorption pits, or pit latrines are the most commonly found systems of sewage disposal.

8.3. Electricity

Electric service is supplied principally through the Government-owned Jamaica Public Service Company. Although 100% of Jamaicans in urban areas have access to electric power, not all of them are connected to the power system. For example, it is estimated that only 50% of the households in Kingston are connected to the

system. In the rural areas, while an estimated 91% have access to electricity, only 11% of the rural households are connected to the system. It is further estimated that the proportion of low income households in Kingston with access to electricity is only slightly higher than in the rural areas. (World Bank, 1981; USAID, June 1979) Expansion of the system is currently underway, including efforts to lessen dependence on imported oil for its generation by developing alternative methods (hydroelectric, peant and solar).

8.4. Telephones

Telephone service is provided by the Jamaica Telephone Company. The exchanges are automatic and there are approximately 5.4 telephones per 100 population. However, the large majority of the telephones are in Kingston and Montego Bay.

8.5. Roads

Jamaica has a well-developed road system of some 8,100 miles. Of this total, approximately 3,000 miles are main roads outside of urban areas (2,000 miles are paved); these roads are maintained by the Ministry of Construction (Works Section). There are, in addition, 4,500 miles of road maintained by the Parish Councils, largely through monies made available by the Ministry of Local Government, and 600 miles of urban roads

administered by KSAC. The World Bank is currently assisting with the improvement of the main road system, which has not been optimally maintained, and with the upgrading of certain farm-to-market roads.

Because of the marginality of the land and the pattern of settlement development, many houses in the urban area, particularly squatter settlements, are not accessible by road. These are usually accessible by some sort of footpath. Most of the road system in the informal settlements is not paved. For the areas built on the sides of hills, the steep terrain makes the roads hard to maintain and they tend to become rutted, almost to the point of impassability, during the rainy season.

8.6. Public Transportation

The Jamaican Railway Corporation, an independent government agency, operates a railroad that links Kingston with Montego Bay and Port Antonio. Branch lines lead to Annotto Bay. There are approximately 250 route miles. The railroad carries both freight and passengers.

Within the Kingston Metropolitan Area there is one major bus company, Jamaica Omnibus Service. Its large buses, however, are supplemented by small independent operators who are licensed to operate small vans. These vans follow the same route each day and may more or less follow a schedule. They serve a valuable role in

providing transport to many of the outlying settlements in the urban area. (Interviews, November 1981)

In other areas of the country, there are small companies or individuals licensed to provide public transport that serve the communities.

9. Projection of Housing Needs

It is clear that a severe housing shortage exists in Jamaica and that a great many Jamaicans are living in shelter that is overcrowded, that has inadequate access to sanitary facilities, and that is physically defective. There have been numerous analyses of the housing situation in Jamaica, and based on these analyses, a variety of projections of need. These projections vary quite widely in terms of numbers of units required. For example, the present National Housing Advisory Committee estimates a 62,000 unit backlog and a necessary 14,000 annual construction rate to keep up with population growth. The Caribbean Development Bank projects an annual need for 18,337 units, and Chen-Young in his 1977 study projects 20,000 units annually between 1980-1985 and 13,000 annually between 1985-1990.

According to the 1970 census, 420,000 units existed in Jamaica (approximately 4.3 persons per unit; however, as Eyre and others have found, densities vary with type of residence -- eg., average 5.6 persons per unit in

squatter settlements in Montego Bay.) Based on the Economic and Social Survey, approximately 51,500 units have been completed in the last decade. Applying a 1% obsolescence factor to these figures and assuming a 1.5% population growth, Beckford has more recently estimated a current need of 83,000 units and a subsequent annual average need of between 12,000 and 13,000 units. (Beckford, 1981)

All of these analyses indicate the severity of the housing shortage. However, it is likely that they overstate the shortage in two ways: (1) by assuming a greater obsolescence than in fact exists and (2) by ignoring the role of the informal sector in filling the gap between Government and private sector construction. The issues of deterioration and of adequacy certainly complicate the analysis of need; however, substandard conditions can be alleviated through upgrading, preservation and maintenance as well as by construction of replacement dwellings. Indeed, the varying projections tend to share a bias in favor of new construction.

The projections of need, of course are complicated also by effective demand. As discussed earlier (see Section 4.b.5), in light of the escalating costs of construction, new housing, as it is presently conceived, seems well out of the reach of the large majority of Jamaicans. Certainly, the private sector's ability to

respond, given its current lending practices, is severely limited. Beckford estimates that only 10% (8,300) of current non-owners would be able to buy a \$15,000 house on the open market at a 13% interest rate with a 90% mortgage. (Beckford, 1981) The NHT estimates that contributors earning less than \$60 per week or 65% of its contributors will have dropped out of the housing market by 1985 and will be able to afford only a serviced lot, given the projected increase in costs. (NHT, March 1981: 21)

c. Land Analysis

10. Overview

The land tenure system in Jamaica is, in large part, a product of its history. Before 1838, all land was owned by the Crown or by large plantation owners. During the Maroon War, however, some escaped slaves laid claim to land. Following emancipation in 1838, ex-slaves settled on small holdings. These were usually bought from estate owners, received as gifts, or squatted. (McLarty, 1978) However, the best land remained still in the hands of large land owners; this became increasingly true in the latter part of the century with the rise of the banana and coffee export business. During this time there was renewed foreign

investment. It is estimated that approximately 74.6% of the land throughout Jamaica is owned by 10% of those owning land. (World Bank, 1981)

A property tax valuation program is scheduled to take place in 1982. Among other things, it is hoped that this assessment will also serve as a cadastral survey of sorts.

11. Ownership and Availability

11.1. Rural Land

Jamaica's rural land ownership is divided into three categories: private, public and grants made to bauxite companies for agricultural and industrial development.

The Agricultural Census of 1968 indicates that 54.8% of farm land is owned by .6% of the farmers. Rural dwellers tend to live in scattered settlements and to have relatively small plots -- 73.8% have under 5 acres. Approximately 26,299 or 17.5% of all rural dwellers are landless or have less than half an acre. However, individual holdings are not large in relation to other countries; for example, World Bank figures indicate that farms of more than 100 acres are virtually non-existent due of course to Jamaica's small area.

Security of tenure is extremely important to Jamaicans and land ownership is a high value. Land

ownership confers status and economic security. Also, it tends to have strong associations with the family and the individual's past. These associations both grew out of and are reinforced by the system of family control of land that has evolved, which allows several members of the same family to live on the land. Although the land is subdivided and perhaps not as productive as it might otherwise be under this system, the "family control" helps to ensure the security of tenure. (McLarty, 1978)

Nonetheless, many of these farmers do not have clear title to the land that they may have farmed over a long period of time. The Land Lease program administered through the Ministry of Agriculture has been, in part, an attempt to alleviate some of these title problems. Another attempt to redistribute land was the 1966 Land Development and Utilization Act which sought to ensure that cultivable land of 50 acres or more was put to productive use. However, since many of the farmers are subsistence farmers and since no financing mechanism was included, little redistribution of land to this group resulted. (World Bank, 1981)

11.2. Urban Land

As with rural land, much of the urban land is in the hands of a few large landowners. Among other things this control of ownership has fostered a situation in

which exploitation of tenant by landlord can take place. Apparently this was the case, for example, in many of the tenement yards; however, in recent years, rent collections have been reported to be increasingly problematical. (Stone, 1981)

In 1960, the Land Bond Law of 1955 was amended to allow the Government to acquire compulsorily squatted land and to pay for that land in land bonds. In 1977, the Community Improvements Act was enacted to empower the Government to acquire areas of substandard housing through lease or purchase to renew them or to upgrade their infrastructure.

11.3. Land Values

During the last decade, land values in Jamaica have increased between 6 and 8 times their original value. The greatest increase has taken place in the residential and the commercial sectors, with the percentage increase being higher in residential land. (See Appendix) In the early 1970's in Kingston, however, the absolute price per square foot in the commercial sector (average J\$4.79 to J\$8.55 [US\$2.73 to US\$4.87 during 1968-1973) was significantly higher than that in the residential sector (average J\$.21 to J\$.96 [US\$.21 to US\$.55] during the same period). A consequence of these increases is for residential areas to be put to commercial and light industrial uses.

Although zoning laws exist, they generally have not been applied to enforce conformity to the requirements. One of the implications of this informal transformation of residential to commercial is a reduction in the housing stock and a continuing increase in the land values. (McLarty, 1978: 19)

Land speculation has been looked on as an investment which promises a high rate of return. Speculation occurs in "changing use" areas as well as in areas where new infrastructure is developed. Further, the relatively low cost of serviced land on the edge of agricultural land has invited speculation that has resulted in the "premature subdivision" of land (i.e., land is subdivided and infrastructure provided but no further development takes place). In addition to the impact of such speculation on land costs, this practice has taken agricultural land out of production. (Ibid.) In light of the rising costs of construction and the NHT estimate that 65% of its contributors will soon be priced out of the housing market, the holders of these "premature subdivisions," or serviced lots may well realize the profit for which they have speculated, without further development.

Land acquisition is now estimated to be about 10% of total development costs. (Ibid.)

11.4. Land Use Planning

The National Physical Plans, 1970-1990 and 1978-1998 both recognize the need to rationalize land use in Jamaica. However, implementation of the plans was hindered by a variety of factors (see Section preceding) and constrained by both the shortage of qualified planners and the lack of adequate enforcement measures under the Town and Country Planning Act and other land use regulations.

As part of its present effort to develop a comprehensive land policy, the present^o Government is considering a proposal to have one Ministry responsible for the valuation, negotiation, acquisition, management and distribution of Government-owned lands for the purpose of development, thus eliminating some of the coordination problems of the past. Furthermore, the landbanking function has become increasingly important to encourage development.

During 1977-1978, over J\$4 million (US\$2,280,000) was spent by the Government in land acquisition. The largest portion of the land was for the housing sector. (McLarty, 1978)

d. Institutional Roles in the Shelter Sector

12. Government and Parastatal Developers of Shelter

12.1. Ministry of Construction

The Ministry of Construction has two major functions: public works construction and maintenance and implementation of the provisions of the Housing Act. To carry out these two distinct functions, the Ministry is organized under the supervision of two Permanent Secretaries, one for Works and the other for Housing.

As presently constituted, the Housing Section of the Ministry carries out planning, design, land acquisition, construction, maintenance, management and private sector liaison responsibilities as they relate to various types of Housing Schemes.

The ability to attract and retain qualified staff has been a persistent problem for the Ministry. That problem has been exacerbated by the scarcity of such personnel and the number of vacancies that have occurred following the election. In addition, the Ministry is haunted by incidents of official corruption in the Ministry under the previous administration, further complicating its ability to attract personnel. The Estimates of Expenditure for the current fiscal year provides for 12 employees to implement the Housing Program under the administration of the Permanent

Secretary.

A reorganization of the Housing Section of the Ministry has been proposed so as to allow the Ministry to establish more effective project control and monitoring and a rational base for policy development. A significant feature of this proposed reorganization is the establishment of a statutory body PRODEM (Project Design, Evaluation and Monitoring Company) to carry out planning and policy research functions. PRODEM is to be staffed by a multi-disciplinary professional staff of planners, architects and others. (Interviews, November 1981)

In setting up PRODEM, which will be able to offer higher salaries and more management flexibility, the Ministry is using an approach to the solution of the problem that has been used frequently and successfully in the past. However, the establishment of yet another entity could lead to a greater fragmentation of responsibility and so intervene as a constraint.

In the fiscal year 1981-1982, the Ministry has budgeted J\$49,786,260 (US\$28,378,168) to carry out these activities. Of this amount J\$19,029,280 (US\$10,846,689) is foreign aid and J\$22,897,000 (US\$13,051,290) is capital, with the remaining J\$7,859,980 (US\$4,480,189) allocated to recurring expenses. (GOJ Estimates of Expenditure, FY 1982)

The capital portion of the budget is a

contribution to the Housing Fund (see also Section 4.4.19.3) which is a statutory fund established by the Housing Act to serve as a source of capital for the construction of houses for low income persons. The Fund receives a grant each year in the amount necessary to make up the difference between the capital expenditure authorized and funds received through the various cost recovery mechanisms. In the recent past, however, the Fund has not been well administered due at least in part to lack of a sufficiently accountable system of payment, lack of staffing and equipment resources to process the volume of payments and to service the number of personal accounts required, and lack of coordination with regard to the terms of payments for specific activities (eg., contractor payments) and a consequent inability either to forecast or control expenditures. (See Chen-Young et. al., 1977)

Cost recovery for the conventional schemes (rental and owner) has been poor. For example, the GOJ Estimates of Expenditure reveals that total capital recoveries for 1981-82 are estimated at only J\$7,600,400 (US\$4,332,228) or 25% of the estimated capital requirement of J\$29,697,400 (US\$16,927,518). This figure nonetheless represents an improvement over the 19% capital recovery record in 1980-81. There are apparently many reasons for the difficulty with cost recovery in addition to those associated with financial

management. These include a low occupancy rate of some projects due to poor location and violence, the capturing of some units by squatters who are then unwilling (or perhaps unable) to pay. In addition, inadequate staffing has made collections difficult. In the case of the Sites and Services project (see discussion below), a cost recovery mechanism has not yet been put in place, although the Ministry is determined to do so in the near future.

The solution to the cost recovery problem clearly lies in part with the financial accounting system as a whole. Suggestions have been made that the Ministry use the NHT computer (Interview, November 1981); however, before such a move is made, the entire process itself must be streamlined. Computerization might solve problems of manpower and of consistency of information; however, it cannot solve problems of cost control deriving from lack of coordination or other field level problems nor will it necessarily solve problems of accountability. With regard to the Sites Services project in particular, the Ministry reports that certain specific operational and fiscal recommendations made by USAID-funded consultants are now being implemented to help solve the more general problem of cost control. (See for example, Senold, 1981)

Another aspect of the cost recovery problem is that associated with the sociology and the community

development of the projects. Where units have been captured, particularly, the relationship between occupant and Government will almost inevitably be based on mutual mistrust. In addition, since access to housing has been perceived, at least in the recent past, as related to political affiliation, those areas associated with the opposition party may also be reluctant to interact with the Government collection agents. More fundamental than the political concerns, there may well be a lack of understanding of what the payment covers and of the responsibility assumed by the occupant when he or she took up residence. Further, an attitude reflecting a belief in Government's obligation to provide "free" housing is reported to be prevalent among some. (Interviews, November 1981)

The extent to which any of these variables affects the cost recovery problem has not been quantified; however, they all impact it in some way. Ideally, the community education precedes project development and occupancy, but since this has not occurred at the outset, efforts should be made to develop an effective outreach and education program now. This aspect of a cost recovery plan should be carefully coordinated with the financial control/collection aspect and perhaps also an incentive or disincentive system to motivate repayment, which could include some type of "forgiveness" to help implement the program in the

community.

As a corollary to these aspects of the difficulties with cost recovery, the community development component of effective shelter delivery cannot be ignored. It is generally acknowledged that ineffective community development work has contributed to the problems of shelter delivery by the Ministry and the Ministry intends to broaden and strengthen its community development arm. (Chen-Young et. al, 1977; Fisher, 1978; Senold, 1981; Interviews, November 1981) In order to do that, however, the orientation should be shifted from a case work approach to that of community analysis, organization building and education. In addition, the importance of this aspect of shelter delivery should be reflected in the Ministry's organization. Therefore, not only should there be consideration given to having an operational community development division, as has been proposed, but also to including this discipline within the multi-disciplinary team proposed for PRODEM so as to ensure the integration of social concerns into the policy process itself as well as into project planning, design and monitoring.

13. Ministry of Construction Housing Programs

Programs for the delivery of shelter to low income Jamaicans presently carried out by the Housing Section of the Ministry of Construction have all reflected a

declining output in the past three years. Figure 4.6 on the following page summarizes the Ministry of Construction activity in housing in terms of numbers of units completed for each of its major housing programs.

Figure 4.6
Housing Completions

Program	1978	1979	1980
● Slum Clearance and Rehousing	431	--	105
● Government Housing Schemes	555	138	252
● Owner Occupier	170	49	138
● Indigent Housing	299	21	--
● Joint Venture Scheme	506	542	--
● Cuba/Jamaica Project	400	272	--

Source: Economic and Social Survey, 1980

A description of these programs and other shelter-related programs of the Ministry of Construction follows.

13.1. Slum Clearance and Rehousing. Under this program persons living in overcrowded communities with substandard housing are relocated (they are provided with a portable indigent unit by the Government) during a period of reconstruction and then resettled in the

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area that has been rebuilt. In practice, however, (for example in the reconstruction of portions of down town Kingston when persons were relocated to Windsor Heights) the persons relocated often do not return, but remain in the areas to which they were relocated. (Interviews, November 1981)

13.2. Government Housing Schemes. These schemes have been directed toward the upper end of the low income spectrum (i.e., \$3,500). The units are built on behalf of the Ministry both in urban areas and small towns by small contractors. Both rental and ownership schemes have been developed.

13.3. Owner-Occupier Schemes. These schemes made available prefabricated three-room houses with verandahs to persons who own their own land. Buyers may also purchase plumbing, electricity and a septic tank.

13.4. Aided Self-help Schemes. These schemes have made available construction materials (generally prefabricated post-and-panel reinforced concrete components) to enable purchasers possessing title to land to build their own houses. In practice, however, the purchasers have contributed negligible labor to the projects and the houses have been put in place by contractors. (Chen-Young et. al., 1977)

13.5. Indigent Housing Schemes. In the past, the Ministry has cooperated with the Ministry of Local Government in the provision of housing for those without resources -- generally, elderly or handicapped persons and sometimes mothers with dependent children. A prefabricated portable unit is provided to be put in place on land which the titleholder agrees to make available for this purpose. (Generally, this takes place within the community where the indigent person has been living.) In the past year, the Ministry of Local Government, has been making the monies for such indigent housing available directly to the local Parish Councils to construct such housing, in the belief that the resources available for indigent housing will go further. (See discussion in Section 4.d.17)

13.6. Sites and Services. Funded by a loan from World Bank, this project was originally directed toward those persons earning below \$1,201 annually. The concept was to provide a serviced lot with a sanitary core and to make available construction materials for the householders themselves to enclose their houses. In addition, the project had a strong community development focus, seeking not only to provide a physical structure for the occupants but also a well developed community infrastructure with schools, community centers, day care

centers, police posts and market sheds. (Chen-Young, et. al., 1977)

The Project has not enjoyed the success anticipated, and only 1,310 units at three sites of the originally planned 5,488 units at six sites have been allocated. (Cunningham, 1981) The implementation of the project was complicated by a variety of factors, including those of the increase in materials costs, political violence, a large number of female-headed households who were not able to carry out the self-help construction portion of the project, and the economic hardship of maintaining a residence elsewhere while applying resources to the building of another house.

(Interviews, November 1981)

The present Government has concluded that the concept is not viable in the present circumstances, with 76% of the units awaiting completion. Instead of providing a sanitary core, the Ministry of Construction has undertaken to complete "habitable core" units consisting of a 294 square foot shell house with a toilet, kitchen and bathroom and a large room, on the serviced lots (See Appendix) for the residents. Householders will be able to partition and add on to the structure as they desire and are able. Projected completion of the approximately 3,300 remaining units is mid-1982; the project is being managed for the Ministry by Sugar Industry Housing, Ltd. (Cunningham, 1981; see

also discussion in Section 4.d.16)

Figure 4.7 reflects activity under this program during the period 1978-1981.

Figure 4.7
Sites and Services

units	1978	1979	1980	1981/2
Under Construction	709	1,019	822	3,288*
Occupied by Lettee	315	715	857	1,310
projected				4,598
Source: Economic and Social Survey, 1981; Cunningham, 1981.				

These figures reflect completion and occupancy of two of the original sites. The lag in occupancy reflects the slow pace of construction; if the units under construction during 1979-1980 had been completed, there would remain only 738 units to complete instead of the 3,288 in this figure. The difference between the original goal of approximately 5,500 units and the currently projected 4,500 is apparently explained by the reassessment of one of the sites (Marcus Garvey) in terms of its suitability for light industry. (Cunningham, 1981: 7)

The SIHL strategy to complete the 4,588 units on schedule includes tight project control, a mix of conventional (block and steel) contractors and systems

contractors and bulk advance ordering of necessary building materials.

13.7. Joint Venture Scheme. These schemes are based on the private development of land owned by the Ministry. The private developer provides the financing and undertakes the development, while the Ministry contributes the land. In some cases a "building system" mode of development has been used. Intended for persons with incomes of \$5,000 annually, the schemes have been seen also as a way of providing housing for lower income persons as well when the units previously inhabited are vacated in favor of the joint venture units.

Joint ventures have run into management and materials problems and cost overruns. In addition, the time and the resources allocated by the Ministry have resulted in "hidden subsidies" to the efforts, in effect making them more costly than other conventionally developed projects. (See also Chen-Young et. al., 1977)

13.8. Cooperative Housing. The Ministry of Construction has financed the development of two cooperative housing schemes, whereby the occupant gains membership in a cooperative society rather than title to a house, under the auspices of Mutual Housing Services, Ltd. (See also section 4.d.22).

13.9. Urban Upgrading and Cuba/Jamaica Project.

Both of these projects have been effectively discontinued by the Ministry. The former was an effort to improve inner city structures, frequently yards, which ran into difficulty because of the unwillingness of landlords to invest in such improvements because they believed they could not recover their costs and because of the state of deterioration of some of the buildings. The latter project was basically a training program for construction workers in Cuba (also known as the "brigadistas") and is generally perceived as having been, at least in part, a program for ideological indoctrination. It also involved a factory given to Jamaica by Cuba for the production of component housing (the "Sandino System"). The factory is no longer operating.

13.10. Squatter Upgrading. This project has received financial support from USAID in the form of a guaranteed loan. The intent of the project is to improve and preserve existing housing stock by installing or improving infrastructure in squatter areas. The activities include installation or widening of roads and/or footpaths, installation of water (standpipes), installation of electricity. Implementation of this project was impeded by the violence during the last election. Since that time, work has recommenced.

However, some difficulties have been experienced in terms of scope of activity undertaken (i.e., understanding as to what infrastructure is to be upgraded) and, in at least one project, security of tenure. There are currently 13 squatter sites being upgraded under this effort, with additional activity planned.

The difficulties with the implementation (aside from those associated with the election period) seem to point, again, to the importance of the community development component of the program preceding actual program implementation. Nonetheless, as a means of harnessing the energy, resourcefulness and aspirations toward home ownership of a certain portion of the urban low income population, the squatter upgrading program appears to be promising. Security of tenure is also perceived as being a critical element in the success of this program. (Interviews, November 1981)

In terms of the squatter upgrading approach to providing adequate shelter being used in the future, several difficulties associated with the physical configuration of the settlements present themselves. In some cases, the terrain does not lend itself to the type of upgrading that the program envisions. In very densely populated settlements, sometimes, it is just not possible to introduce roads or even footpaths. In other instances, the settlements are viewed as perhaps being

too small for a cost effective investment of resources to upgrade. (Interviews, November 1981) Since the concept of the squatter upgrading program is, in part, to take maximize the opportunities presented by the situation as it exists, flexibility in design and approach will be necessary to the future success of the program. The nature of the informal settlements is that they do not fit into a mold; therefore, a variety of approaches should be used, including modified infrastructure delivery and development of adjacent land for transitional or even permanent resettlement.

14. Statutory Body Under the Ministry of Construction

14.1. The National Housing Corporation

The National Housing Corporation is a limited liability company under the jurisdiction of the Ministry of Construction. It was established in 1974 to serve households with incomes over J\$2,500 (US\$1,425) where low interest bearing funds are used and with incomes of over J\$3,500 (US\$1,995) where commercially borrowed funds are used. Its objectives were to be carried out by acquiring and holding land, financing housing construction and managing housing estates. The original strategy of the NHC was to use profits from middle income housing to subsidize lower income housing; however, it has not been able to implement that

strategy. (See Chen-Young et. al, 1977)

Like other housing institutions, during the past three years, the National Housing Corporation has experienced severe difficulty in securing financing for its projects. However, that has not been its only difficulty. Cost escalations due to the general problems in the construction industry as well as labor unrest, together with inefficient management have also contributed to its difficulties. During the period 1978-1980, it started 1,176 units and completed 1,234 units; however, schemes ranging in size from 44 units to 800 units have been under construction since 1977. The current program of the NHC is to finish these schemes already in the pipeline. (Interviews, November 1981)

The NHC is now under new management which is placing considerable emphasis on the efficiency of the NHC's operation and on making it into a profitable enterprise. The NHC reports 787 starts for the first half of 1981 or 66% of the number starts in the three preceding years and forecasts that it will have completed the units in the pipeline during 1982. (Economic and Social Survey, January-June 1981) It has three new schemes that it wants to initiate and plans to enter into four additional schemes in joint ventures with private developers. The role that the NHC sees for itself is that of a developer for all types of projects, ranging from a projected per unit cost of its own

developments of J\$43,000 (US\$24,510) to the J\$100,000 (US\$57,000) range in some of its joint ventures. (Interviews, November 1981)

Although there is clearly a need for the development of additional middle income housing, the issue that raises itself in this newly-emerging role for the NHC is its relationship to the private sector. However, its projection of \$100,000 unit schemes might well allow it to implement its original policy of using its profits to develop housing for lower income groups.

15. Ministry of Agriculture

The Ministry of Agriculture manages two programs that provide shelter to rural households. The Land Lease program began in 1973 with the objective to improve agricultural production; as a part of this program, the Government subdivided large tracts of underutilized agricultural land and made it available through leases to farmers. Part of this project is to develop villages and to provide subsidized housing to farmers on small lots. In addition, the Ministry of Agriculture also manages a Farm Housing program in which it makes available housing to farmers who own their own land and earn less than \$600 annually. In both cases, prefabricated units of the type used in the Ministry of Construction's Owner-Occupier Scheme are supplied to the farmers. During the period 1978-1980, 1,477 units were

made available through the Farm Housing program. (Social and Economic Survey, 1980) J\$2,000,000 (US\$1,140,000) was allocated to this program during the past fiscal year. (GOJ Estimates of Expenditure, FY 1982)

16. Statutory Body Under the Ministry of Agriculture

16.1. Sugar Industry Housing, Ltd.

The Sugar Industry Housing, Ltd. (SIHL) is a statutory body under the jurisdiction of the Ministry of Agriculture. It was established in 1975, becoming operational in 1976. Stemming from the low rate of entry into the sugar industry, its original purpose was to demonstrate to the sugar workers that the sugar industry offered advantages in terms of the quality of life available.

During the following years, the SIHL delivered a total of approximately 3,000 housing units. Of these, 2,008 were scheme houses, with various designs depending upon the configuration of the local population, and 745 units were either home improvement projects or projects in which the sugar worker built a house on his own land. (Cunningham, 1981: Appendix C)

The SIHL project was initially funded by \$600,000 from the sugar industry. Repayment of the mortgage loan by sugar workers is made through deductions of 20% of the worker's salary -- a deduction that it automatically

made by the employer.

The housing units were allocated to applicants by a bi-partisan selection committee. However, despite the apparent success in attracting workers to the sugar industry (indicated by lower age groups applying for the housing), the program fell far short of its initial target to deliver housing to 13,000 sugar workers. (Interview, November 1981) Like other housing development agencies in Jamaica, SIHL was unable to develop additional housing because of the limitations on available financing. There have been no new schemes since 1979.

The SIHL has no unfinished schemes and considers that its strength lies in its ability to develop housing projects. At the present time, it is managing the completion of the Ministry of Construction's Sites and Services project, overseeing the construction of the "habitable cores" that are scheduled to be completed by the middle of 1982.

17. Ministry of Local Government

In collaboration with the Ministry of Construction, the Ministry of Local Government is responsible for the management of the Indigent Housing Program. This program provides 200 square foot portable units to persons who cannot afford shelter -- often these persons are victims of disasters, such as fires. They usually

fall into one of three categories: elderly (80%); women with dependent children (10%); or handicapped (5%). (Interviews, November 1981)

Participants in the program are identified by the local Parish Councils and the Poor Relief Officer verifies the indigency and submits a report to the Ministry of Local Government. The units provided are completely subsidized; however, in cases where the participant is not able to place the unit cost-free on a member of the community's land, then Parish Council asks for a 5-year lease at a nominal amount on behalf of the indigent. The experience with the program is that especially in the case of elderly persons, the community is very supportive. (Interviews, November 1981)

The units each currently cost approximately J\$2,850 (US\$1,625) with an additional J\$500 (US\$285) for an optional latrine. Some repair grants are also available. However, the Ministry of Local Government has adopted a policy of allocating the monies for indigent housing directly to the local Parish Councils when ever possible. In that way, it hopes to promote the use of local contractors and to reduce the costs. In 1978-1979, for example, 369 complete units and 1079 repair grants were provided at a total cost of J\$932,080 (US\$531,286). (Ministry of Local Government, 1981) Even without the breakdown between repair grants and complete unit grants, this figure indicates that

costs of complete units have risen considerably during that period.

Because the program is administered through local Parish Councils and because the demand for such housing exceeds the available resources, certain political judgments inevitably must be made in the allocation of such housing. Reflecting this inevitability, the allocations among the constituencies in parishes have generally been similar (average J\$12,000-J\$15,000 per constituency) and records of allocations are kept by Member of Parliament. (Ministry of Local Government, 1981)

In the current fiscal year J\$1,500,000 (US\$855,000) has been budgeted for the Indigent Housing program. This is about 3% of the amount budgeted for the Ministry of Construction's housing programs. (GOJ Estimates of Expenditure, FY 1982)

In addition, the MOLG affects the shelter sector through its administration of the water supply system, through its roads program, through its rural sewage program and through its community amenities program. Particularly important to the shelter sector is the water supply system. A National Water Plan has been under development; however, although development planning requires assurances of adequate water supply, apparently, in practice water supply is frequently not adequate once development has taken place. This problem

of water supply is a frequently mentioned constraint on development; however, documentation is not plentiful.

18. Statutory Body Under the Ministry of Finance and Planning

18.1. Urban Development Corporation

The Urban Development Corporation (UDC) is a statutory body under the Ministry of Finance and Planning. UDC's primary responsibility is the integrated development of designated urban and rural areas. It has been given the implementing responsibility for the National Settlement Program set forth in the National Physical Plan.

The provision of shelter is of course a part of any comprehensive development strategy and the UDC has been involved in developing housing for all income levels. The UDC's approach has a strong community development orientation; in its housing strategy, it seeks to reinforce and to build on the aspirations for home ownership of the residents. (Interviews, November 1981) Interim and long-term financing comes from the National Housing Trust or private institutions.

To carry out its development task, UDC is required by its law to own the land. After acquiring land, the UDC works closely with the Ministry of Construction, in the development of housing, offering

the opportunity to develop the necessary shelter first to the Ministry. If the Ministry is unable to undertake the development, then the UDC proceeds on its own, as, it did, for example, on the Ocho Rios project.

In its approach to the delivery of housing, in general, the UDC has taken the position that a range of solutions is necessary and perceives its role as being, in part, to ensure the availability of such a range, so it will seek to provide housing that "fills the gap" in the market. For example, in one project, at Catherine Hall, it aimed at a market between that addressed by a Sites and Services project and that addressed by a private developer. (Gregory-Jones, 1979: 3)

In order to provide housing without subsidy, the UDC believes that a similar range must be available within the low income housing category. The UDC has, in the past, provided an unserviced site with access only to a standpipe for water, a serviced site, core housing and shell housing for low income persons in the areas that it has developed. The existing economic base and the dynamics of the particular community in question precede any decision as to what the appropriate mix of housing should be. (Interviews, November 1981) Generally when providing low income housing, the UDC believes in housing design that has potential for expansion and improvement (see Appendix). It also believes that development of a prototype can generate

enthusiasm for a project as well as serve as a focus for community participation.. (Gregory-Jones, 1979)

In Negril, in the western portion of Jamaica, the UDC has undertaken what it regards as an experiment in the provision of rural housing. UDC subdivided land into 48 lots serviced by a footpath and water. It also provided a community center. Then, it accepted applications from residents within a three mile radius of the area who do not own their own land for a lot. Those accepted may build any kind of structure that they wish, with the exception of any concrete and steel structures, for which they must get approval, and the exception that they are required to build a pit latrine built to UDC specifications. These residents are currently renting from UDC but have been told that they will be able to purchase their land within a 2 to 5 year period. The theory being tested is that the value of housing is such to the residents that, with security of tenure and a minimal base from which to operate, they will substantially improve their housing during this time period. (Interview, November 1981)

During the period 1979 - 1981, the UDC completed 409 housing units. The average cost of the 125 units completed during 1979/1980 was J\$12,316 (US\$7,020) and of the 284 units completed during 1980/1981 was J\$15,535 (US\$8,855). (1981 Appendix to Gregory Jones, 1979)

19. Public Sector Financing Institutions

19.1. National Housing Trust

The National Housing Trust (NHT) has been the primary source of both long-term and interim financing in the shelter sector during the period 1978 to the present. During this period, in sharp contrast to other public sector financial entities, the NHT enjoyed an average 31.6% increase in assets over the preceding year. (National Housing Trust -- "Review," 1981: 7)

Based on a Brazilian model in which both employer and employee contribute to a fund for housing, it was established in 1976 by an amendment to the National Insurance Act. In 1979, the National Housing Trust Act made it a statutory body under the jurisdiction of the Ministry of Finance and Planning. It is overseen by a Board of representatives from major Trade Unions, Employers and Government, and its broad objectives are to add to and to improve the existing supply of housing and to promote greater efficiency in the housing sector.

Employees, within certain age limitations, who are earning the minimum wage contribute 2% of their earnings to the fund and employers contribute an additional amount equal to 3% of the employees' earnings. The NHT presently intends to expand its contributors to include self-employed persons so as to mobilize additional

resources as well as to broaden its base.

The NHT provides financing for housing development and then invites applications for the project. Selection is made on the basis of a lottery of all approved (qualified) applicants. Since the NHT's inception the total contribution from employees and employers has been J\$247,600,000 (US\$141,132,000).

(Ibid., 6) However, there has been some compliance difficulty with employers. (NHT, March 1981, 2)

Loans are made at a below market rate that starts at 4% and varies with income level. (See Appendix for loan limitations and interest rates.) The NHT policy is to favor the provision of housing benefits to those at the lower end of the economic spectrum and over 60% of its benefits have been extended to those earning less than J\$3,120 (US\$1,778) annually. (NHT, April 1981: 12) Over 80% of the benefits have been extended to those earning less than J\$6,240 (US\$3,556) annually. However, in 1980, due to the increases in construction costs, those earning less than J\$3,120 in most cases were unable to qualify for loans and received only 12% of the benefits during this period. As a consequence the NHT revised its mortgage loan policies. (Ibid.)

The NHT provides financing for three types of projects which are aimed both at increasing the housing stock and preserving and improving existing stock. It provides financing for housing schemes, such as those

developed by the Ministry of Construction, the National Housing Corporation and the Sugar Industry Housing, Ltd, as well as those developed by private developers. It also provides financing for "Build on Own Land" projects and for home improvement projects. The largest number of units (40%) developed with the assistance of NHT financing are in Government schemes; however, the Build on Own Land (22%) and home improvement (28%) programs have also been used to extend a substantial portion of the benefits. (NHT -- "Review," 1981: 5)

Figure 4.9 shows the activity of the NHT in providing financing during the first halves of 1980 and of 1981.

Figure 4.9

	NHT Disbursements	
	1/80-6/80 Projected/Actual	1/81-6/81 Projected/Actual
(J\$millions)		
Ministry of Construction	8.1/3.7	6.2/.5
National Housing Corporation	6.1/.8	8.1/7.2
Sugar Industry Housing	7.1/4.7	3.0/1.7
Ministry of Local Government	.6/.6	.3/.1
Urban Development Corporation	3.1/2.5	1.8/1.5
Private Developers	16.5/14.8	12.9/16.6
National Housing Trust Projects	.1/.01	.02/--
Total:	41.6/27.2	32.4/27.6
Source: Economic and Social Survey, January-June 1981.		

From Figure 4.9 it is apparent that the NHT's financing has reached into all aspects of the shelter sector. Particularly significant, however, is the substantial role that the NHT has played in providing financing for private sector developers. The financing of private developers is equal to about 20% of the financing made available to land developers by commercial banks during this same time period. (Economic and Social Survey, January-June, 1981)

In addition, the substantial amount of the NHT funding that enters the private market has implications for the NHT's own role. Figure 4.9 shows that in the first half of 1980 approximately 54% of the actual disbursements went to private developers and in the comparable period in 1981 approximately 60% of total actual disbursements. In both cases projected total disbursements to private developers was approximately 40%. In the first half of 1981, the disbursements to private developers exceeded (the only category of significance to do so) the projected disbursements.

Perhaps as a result of its activity in the private sector as well as its portfolio of mortgages, the NHT and private sector institutions tend to see its future role in rather different terms. On the one hand, the NHT itself would like to become more involved in the development of projects and generally expand its role in the shelter sector. It has proposed, for example, that

it receive funding to embark on an urban renewal program in the Kingston Metropolitan Area, beginning with a program of land acquisition.

The NHT's present intention is to expand the Build on Own Land program in light of the great escalation of construction costs so as to continue to reach the low end of the economic spectrum. The NHT estimates that the "Build on Own Land" units run approximately 50% less than housing scheme units, because of the elimination of infrastructure costs, professional fees and developer profit. Standard expandable housing designs, ranging in cost from J\$5,000 (US\$2,850) to J\$25,000 (US\$14,250). The J\$5,000 unit is a 150 square foot shell that could be afforded by the among the lowest income earners. (NHT, March 1981)

However, the NHT recognizes that this program of "alternative housing" may be perceived as less desirable by some members of the target group, due to the gap between aspirations and affordability. This perception, despite the planned educational campaign, may constrain the program's implementation. The policy to emphasize "Build on Own Land," however, will not address the needs of those persons who do not own land. In addition to the expansion of this program, the NHT has also proposed that it play a role in aided self-help, slum upgrading and squatter upgrading projects, as well as a continued provision of loans for middle and upper income housing

at market rates. (NHT, March 1981; NHT/JMB, April 1981)
The broad range of activities that the NHT proposes potentially places it in competition with private sector institutions and other Government institutions.

On the other hand, in direct opposition to the NHT's proposals, other proposals would restrict the NHT's role entirely to debt servicing and other fiscal cum administrative responsibilities and so take it out of the primary market. Further the Building Societies Association of Jamaica, Ltd. has suggested that the NHT be modified in such a way as to make its funds available for mixing with those of other institutions, thus allowing for a general lowering of the interest rates available. (BSAJ, 1981)

At the present time, the future role of the NHT is uncertain; however, given its strong union support, it seems unlikely that it will be dismantled in the way proposed by certain of the building societies. That it has been the mainstay of the shelter sector in Jamaica during the past several difficult years is without dispute. Given all of the other institutions within the sector that have development experience, however, the necessity of the NHT's involvement in a new area must first be demonstrated before it changes course.

19.2. Jamaica Mortgage Bank

The Jamaica Mortgage Bank (JMB) was initially set up as a limited liability company solely owned by the Government of Jamaica in 1971, but was established as a statutory body under the jurisdiction of the Ministry of Finance and Planning in 1973. Its broad purposes were to foster the development of housing throughout Jamaica, to assist in the development of cooperative housing and to develop an active mortgage market.

One of JMB's three principal activities under this mandate is to provide mortgage loans on housing schemes for low and middle income persons. Such commitments of mortgage money have the intent of stimulating private developer interest in low and middle income housing. In addition, the JMB has served as the disbursing agent for the funds for squatter upgrading projects (Ministry of Construction) and home improvement projects (Jamaica Cooperative Credit Union League) financed through a USAID guaranteed loan.

A second major activity of the JMB is in the secondary market. It buys mortgages with a value of not to exceed J\$45,000 (US\$25,650) from approved lenders so as to make that money available for reinvestment in the primary market and so to make available more houses. The limitation on the value of the mortgages that can be acquired by the JMB is intended also to stimulate

interest in developing housing toward the lower end of the economic spectrum. (Interviews, November 1981) However, this policy has been criticized by some primary lenders as inhibiting JMB's flexibility and so its profitability. In December 1979, the JMB adopted a policy of "Forward Commitment" in which, based on a review of the project, it commits to purchase the mortgages soon after the hand over of the houses. This policy is designed also to stimulate investment in housing development. (Daily Gleaner, October 26, 1981: 9, 16)

Although the JMB has been successful in establishing a secondary market in Jamaica, due to excessive liquidity of primary lenders resulting from the economic decline and the two currency devaluations, the secondary market has been inactive since 1977. The JMB is currently considering selling its portfolio of mortgages to seller/servicers; however, it is approaching this possibility with caution because, it like the Building Societies wishing to buy sees limited investment potential for its funds. (NHT/JMB, April 1981)

The third major activity carried out by the JMB is the insurance of home mortgage loans. This activity is intended to increase access to the local capital market and to improve the financing terms available to middle and low income families.

On its tenth anniversary, the JMB had assets of J\$160,000,000 (US\$91,200,000) and a mortgage portfolio of \$100,000,000 (US\$57,000,000) and counts among its achievements the acceptance of the principle of the complete amortization of the home mortgage loan and the standardization and uniformity of mortgage documents used. (Levermore, October 1981)

Figure 4.10. shows the activity of the JMB during the period 1978 to the first half of 1981:

Figure 4.10

	1978	1979	1980	1/2 1981
	(millions of J\$)			
Primary Market disbursements	17.2	8.5	6.8	4.6
Secondary Market disbursements	.5	--	--	--
Mortgage Insurance	15.4	3.2	1.7	1.6
Source: Economic and Social Survey, 1980; January-June, 1981; Jamaica Mortgage Bank Annual Report, 1978; 1979.				

The activity of the JMB during this period reflects the general decline in the shelter sector. If the level of activity in both the primary market and mortgage insurance categories remains constant, during the second half of 1981, however, primary market disbursements will have increased by 35% and mortgage insurance value will

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have doubled. Improvement in these two areas reflects increased confidence in the shelter sector as a whole, but as yet does not approach the level of activity in 1978. Further, lack of activity in the secondary market may suggest a continued lagging in new construction.

19.3. Housing Fund

The Housing Fund is the capital expenditures account of the Ministry of Constructions Housing Section (see Section 4.d.13 above) and is used to provide interim and long-term financing to housing schemes. The Housing Fund receives its resources from the Government of Jamaica's Consolidated Fund, which, in turn, receives its revenues from taxes, repayment of loans made by the government and from general government borrowing authorized by Parliament.

The Housing Fund was created in 1968 as a trust fund with the purpose of making loans and obtaining repayments of those loans for the housing schemes which were developed by the then-Ministry of Housing. However, the Housing Fund has been unable to maintain its resources and so annual budgetary allocations from the Consolidated Fund to the Housing Fund have been necessary to maintain its solvency. For example, in this current fiscal year a contribution of J\$22,097,000 (\$US12,595,290) is anticipated. (GOJ Estimates of Expenditure, FY 1982)

20. Official Development Assistance

Official development assistance has been received for the funding of the Ministry of Construction's sites and services and squatter upgrading programs and for the home improvement program for which funds are being disbursed through the JMB to the Jamaica Credit Union League (JCCUL). This assistance has come primarily from two sources -- USAID through its Housing Guaranty Program and the World Bank -- both of which have extended loans equalling US\$15,000,000.

Of the HG loan, \$10,000,000 was originally programmed for the Urban Upgrading program (see discussion in Section 4.d.13), but these funds have been reprogrammed to the Squatter Upgrading Program, making a total of US\$12,500,000 available to that project. In addition, US\$2,500,000 is allocated to the JMB/JCCUL home improvement program.

The World Bank loan has been used for the development of the Ministry of Construction's Sites and Services project.

In addition to these loans, official development assistance for housing activities was received from the Government of the Netherlands, also for squatter upgrading, during the 1978-1980 period.

21. Other Public Institutions that Affect the Shelter Sector

21.1. Jamaica National Investment Promotions, Ltd. (JNIP) has been set up as a subsidiary of the Jamaica National Investment Corporation (JNIC) to "promote and facilitate all private investment in Jamaica," with priority attention given to projects with the possibility of providing quick employment opportunities and having a good foreign exchange earning potential. (Economic and Social Survey, January-June 1981) Some interest has been shown on the part of foreign investors in the shelter sector, particularly with regard to the establishment of prefabrication plants for modular building systems. Also, initial feasibility work is being done with regard to a joint venture with the Government of Jamaica in the establishment of a factory to produce lightweight brick. (Golding, October 1981; Interviews, November 1981)

In addition to the desirable impact that such investments might have on employment and so on the economy as a whole, they are being regarded as a way to provide more affordable low income housing. However, although the systems approach seems to have much to commend it, Jamaica has had varying success with prefabricated housing in the past, and particularly bad experience with imported systems. (Interviews, November

1981) Further, the use of bricks in construction in Jamaica will have to be carefully examined from the point of view of safety in the event of earthquake.

(Interview, November 1981)

21.2. The Jamaica Development Bank, which previously had a role in the shelter sector is being phased out, to be replaced by an Agricultural Credit Bank and a National Development Bank, which will lend only to commercial banks and selected financial institutions.

(Economic and Social Survey, January-June, 1981)

22. Private Sector Development

Nearly all of the housing developed by the Government is actually constructed by private contractors. In addition, however, these contractors may act as their own developers. In the period, 1978-1980, most of the interim and long term financing has been obtained from the NHT.

22.1. Mutual Housing Services, Ltd.

The Mutual Housing Services, Ltd. is a non-profit organization dedicated to the development of cooperative housing. Since its establishment in 1968, MHSL has been active in the development of five housing schemes, with three others presently in the planning stage. Two of the schemes have been joint ventures with the Ministry

of Construction, two with other private developers (including one foreign firm), one with MHSL as the developer and one of the schemes being planned will be part of a large UDC-sponsored land development. (MHSL, 1981; Interviews, November 1981)

Both the interim and the long term financing for these projects have been obtained from a variety of sources, including building societies, the Ministry of Construction and the JMB. Although there is no official means test, the target group for this housing has been low and lower middle income groups.

Under the cooperative housing system, the residents do not gain title to their unit, but instead gain membership in the cooperative society. The cooperative is promoted in terms of the "neighborhood" as a whole and the protection of the individual investment by the maintenance of the neighborhood. Thus, the participation of each resident in the community is stressed. The economic advantage of group responsibility for maintenance and repair is also stressed. Project sizes have ranged from 124 units to 550 units which are, for the most part, semi-detached. MHSL also manages the projects that it develops, at least initially. The fee charged for maintenance is J\$32 (US\$18) per month. (Interviews, November 1981)

MHSL has had no new starts since 1976, and so has experienced some financial difficulty, but it plans to

start one of its projects in early 1982 if it can successfully negotiate private financing. The projected costs for the new units are J\$40,600 (US\$23,142) for a two-bedroom unit and J\$50,050 (US\$28,528) for a three-bedroom unit. These costs compare with costs ranging between J\$6,000 and J\$16,000 for the units started prior to 1976. (MHSL, 1981)

22.2. Jamaica Developers Association

The Jamaica Developers Association is a membership organization composed of most of the private companies who are involved in the development of housing estates, condominiums, town houses and other types of housing.

22.3. Incorporated Masterbuilders Association

The Incorporated Masterbuilders Association is composed of private manufacturers, engineers and contractors associated with the construction trades.

22.4. Other Private Sector Professional Associations

There exist in Jamaica a number of professional associations whose members participate in the shelter sector. Among these are: Association of Engineers, Association of Land Surveyors, Association of Architects and Architections, Association of Electrical Contractors, Association of Planners and the Association of Environmentalists. The extent to which these

associations actively participate in the shelter sector as a group varies.

23. Private Sector Financing

23.1. Overview of the Banking Sector

Jamaica has a well developed banking sector which includes commercial banks, merchant banks, trust companies, building societies and other cooperative societies. Despite adverse economic conditions in the past several years, the financial institutions as a group have shown growth. The banking sector is dominated by the commercial banks, which have over 60% of the gross assets in the sector; however, their average annual rate of growth for the past six years has been 13%. This rate of growth is substantially less than that for the Credit Union (38%) and less than for the Building Societies (16.5%). (Manhertz, 1981)

The Bank of Jamaica is the central bank for the country, with an authorized share capital of J\$4 million held by the Government. It maintains a General Reserve Fund to which profits and losses from its operations are charged; any profits in excess of three times the authorized capital (J\$12 million) are paid to the Government's Consolidated Fund. (Bank of Jamaica, 1979)

The Bank of Jamaica is charged with the execution of Jamaica's monetary policy by the exercise of six main

powers: (i) to control foreign exchange; (ii) to set the Bank Rate (the rate at which it makes credit available to commercial banks); (iii) to set the reserve requirements for commercial banks within certain limits; (iv) to exercise certain selective controls, such as setting of interest rates; (v) to rediscount in order to stimulate productive sectors of the economy; and (vi) to exercise moral suasion.

The Bank of Jamaica and so the execution of monetary policy is tied closely to the central government. Under the Bank of Jamaica Law, the Board of Directors of the Bank are appointed by the Minister of Finance (in this administration the Prime Minister) and the Minister is empowered to "give to the Bank . . . such directions of a general nature as appear . . . necessary in the public interest." (Bank of Jamaica, 1979) Thus, the Bank of Jamaica plays a strategic role in the implementation of the Government's plan for economic recovery.

In the first six months of 1981, the Government's monetary policy appeared to be having some effect on banking activity and presumably also on the economy as a whole. The Economic and Social Survey for the first half of 1981 reports the following: (i) high interest rates -- the Bank Rate was at 11% and the Prime Rate at 13%; mortgage rates were fixed at 14% and consumer credit at 17%. (ii) total deposits in commercial banks

grew by 5% and individual savings increased 8%. (iii) loans and advances reflecting a shift toward production rather than personal consumption grew by 17%. (iv) the rate of expansion of the money supply was reduced.

Within this overall context, the provision of shelter assumes a rather ambiguous position. The mortgage interest rates are relatively high, but construction, as a productive activity, may indeed be stimulated by the availability of money at lower rates.

23.2. Building Societies

Analogous to savings and loan associations, building societies provide long-term mortgage financing for housing to their members. The mortgage interest rate ceiling is currently 14%. There are eight building societies in Jamaica, six of which belong the Building Societies Association of Jamaica, Ltd. The societies raise capital by accepting both short-term passbook savings and longer-term certificates of deposit. The income Tax Act was amended in mid-1981 to exempt from tax all income earned from interest on shares in Building Societies, Credit Unions or other Cooperative Societies and all income earned from certain fixed term deposits held for not less than one year. (Housing and Finance, Summer 1981: 31) This amendment is part of the Government's over all strategy to mobilize savings. The net savings inflow during the first quarter of 1981 was

substantial and this amendment should increase that flow. (Economic and Social Survey, January-June, 1981)

The typical terms of a mortgage loan extended by a building society are for two-thirds of the total cost of the unit not to exceed two and one half times the mortgagor's annual income. The average mortgage loan for the six societies belonging to the BSAJ was J\$22,925 (US\$13,067), meaning that (assuming a 2 1/2 annual earnings formula) the average mortgagor would have to earn an approximate annual salary of J\$8,800 (US\$5,016). In other words these loans have been made to people in the top 25% of income earners. (See Figure 4.3)

During 1978, the mortgage loans made by Building Societies increased substantially -- an increase of 76%[—] pver the previous year with total lending amounting to J\$43.8 million. This increase followed declines in the preceding three years, and the mortgage loan amounts have continued to rise, at a slower rate, in 1979 and 1980. However, during this latter two-year period, only 8% of the new mortgages were given for new houses. (Economic and Social Survey, 1980)

The Building Societies are concerned about the affordability of housing in light of present construction costs and the currentl 14% interest rates. (In practice many loans are made at 13%.) The Building Societies Association of Jamaica has proposed a mixing of its funds with those of the National Housing Trust in

order to lower its rates (while effectively raising the rates the NHT is able to charge) in order to increase the spread of mortgages.

Other proposals for maintaining the competitiveness of the Building Societies in the primary mortgage market include a re-examination of the lending criteria applied to mortgage loans and a greater reliance on various innovative mortgage tools, such as the "slow starter" mortgage, which involves a balloon payment after a certain period of time and variations of graduated mortgages. (See, for example, Housing and Finance, Summer 1981) A survey conducted by the Building Societies Association in mid-1981 found a preference among those surveyed for the "slow starter" type of mortgage. (BSAJ Survey Report) However, this type of instrument, as well as others that vary, assume an increase in real income in the coming years. In light of the two devaluations and the decline in real income in Jamaica in the recent past, however, some are understandably cautious about the applicability of these mechanisms in the Jamaican context.

23.3 Credit Unions

Credit Unions are becoming an increasingly popular means of savings and of obtaining small loans for such things as home improvements. The fastest growing credit unions are those that are (i) composed of people

living in the same area, (ii) composed of public sector workers, or (iii) composed of industrial workers. These three groups together comprise 67% of the credit union membership, and the community-based credit union is increasing at a greater rate than any other type (400% since 1975). The average saving per credit union member is \$572 annually. (Manhertz, 1981: 30)

Because credit unions operate with the lowest rate for consumer loans (12%), they will, in all likelihood, continue to attract savers from other institutions despite the limitation of interest on shares to 6%. Further the amendment of the Income Tax law (see Section 23.2) exempting certain savings interest from taxation should benefit the credit unions also.

Many of the credit unions in Jamaica belong to the Jamaica Cooperative Credit Union League (JCCUL). JCCUL is the disbursing agency for US\$2.5 million of the USAID HG loan. Under the terms of the agreement, the JMB lends the funds to JCCUL at 11% interest over 10 years; the JCCUL then lends the funds to its member credit unions at 11% interest over five years; in effect, the individual credit union sells to JMB up to 85% of its existing portfolio of home improvement loans. The agreement stipulates that the individual credit union finance 15% of the loan from its own resources. With its lending ability thus increased, the individual credit union can then make approved home improvement

loans (participant incomes may not exceed J\$3,000 (US\$1,710)) at 12% interest under its normal repayment guidelines. The extent to which the loans go to those earning less than the median income is not documented. (Ocasio, 1981)

The experience with this program to date has been that disbursements are on target, that most loans (approximately 80%) are for under \$1,000 and that the repayment record is good. At the outset, however, acceptance among the credit unions was slow, partly because of the income criteria for participation. These were revised and now the maximum income for eligibility is J\$3,000. (Ibid.) Although the program is proceeding well, there is an indication that those credit unions initially participating are not electing to do so again, once they have used their initial funding. It is not clear why this is the case, but it may be related to the over all economic situation in Jamaica and the continuing decline in real income (and so of borrowers' reluctance/unwillingness to assume additional debt) as well as the inability of the individual credit union to find adequate investment opportunity for its idle funds.

23.4. Commercial Banks and Related Institutions

The Commercial Banks of Jamaica are primarily involved in the interim financing of construction, land development and land acquisition, with the latter two

activities accounting for the large proportion of the loans made. Merchant banks, insurance companies, and trust companies are other sources of financing for shelter sector activities.

23.5. Savings Generation

In light of the growth rate of various banking institutions (see Section 4.d.23.1), it appears that those institutions geared toward the individual are growing, while, for example, merchant banks, geared toward the mobilization of funds for investment have decline. (Manhertz, 1981: 28) Similarly, trust companies which specialize in the provision of long-term mortgage financings have a declining share of business and a lower than average growth rather. In addition to reflecting the economic situation, this experience may reflect, in part, the tendency of people to save a greater portion of their incomes during times of general economic hardship or uncertainty.

Jamaica has a history of thrift and savings. In terms of who the savers are currently, a recent analysis reveals that 35% of the savers are under age 30 and that they account for 22% of the savings. An additional 40% of the savers are between the ages of 30 and 50 and they generate 40% of the savings. Within these populations, self-employed persons are a substantial portion of the savers and generate 45% of all savings. Non-government

employees are the next largest group of savers. (Ibid., 30 ff.)

Manhertz points out that despite the growth trends, the most popular form of savings, remains the commercial bank passbook. Its popularity is attributed to its security, confidentiality and accessibility; furthermore, it is currently paying a 9% interest rate.

He also estimates that the next most popular form of savings, following that of the commercial bank passbook, is the informal system known as the "partner" savings, in which a group of people make contributions to the group on a regular basis and at set intervals, the entire pool of money is made available to one of the "partners." A 1972 survey revealed that such informal savings mechanisms account for about 24% of all those participating in the savings process and that about 15% of all financial surpluses mobilized for domestic purposes.

24. Community Organization

24.1. Formal Institutions

The Government agency responsible for most activities that affect the community is the Ministry of Youth and Community Development. In the 1981-82 period, it allocated J\$9,266,000 to the Social Development Commission which is generally responsible for urban and

rural community development throughout Jamaica, including implementation of programs in connection with the rural settlement program. (GOJ Estimates of Expenditure, FY 1982)

In addition, the Ministry is importantly involved in vocational training. These training programs take a variety of forms and include a J\$1,550,000 allocation to community training centers aimed at providing manual and social skills to school drop outs. In addition, the Ministry makes grants to private social service agencies. (Ibid.)

The Ministry of Health, in addition, to its general system of health care, consisting of hospitals and clinics throughout the country, allocates approximately \$400,000 to community health education and another J\$200,000 to private organizations such as the Red Cross. (Ibid.)

24.2. Informal Institutions

It is beyond the scope of this assessment to do other than to identify the general nature of community organization in Jamaica. The primary unit of reference in Jamaica is the family. This family structure is particularly strong in the rural areas and involves, among other things, the relationship of the people to the land. There has been an observed tendency among rural Jamaicans to resist community cooperation. (See

for example, Fisher 1978)

For the rural migrants and other urban dwellers, ties of kinship are strained by distances. However, the sense of family is strong, with relatives assuming the responsibility of child rearing for those unable to carry it out. Studies have shown that the process of family formation tends to take place relatively late in life -- not before children are born -- with a stable nuclear family evolving often after the age of 30. (See, for example, Roberts, 1978)

In a 1978 study of the Sites and Services program, Fisher notes that most participants in self-help housing regard the gaining of shelter as an end in itself and are not concerned with the broader concept of developing a community. (Fisher, 1978) This attitude is perhaps the by-product of urban living, in which opportunities of virtually any sort are in short supply. However, other studies have shown the high degree of interdependence among yard dwellers and the willingness of those in squatter settlements to participate in community decision-making, suggesting that sense of community does exist among the urban low income. (See, for example, Brodber 1975; Eyre, 1978)

It is a truism that the Jamaican's favorite topic of conversation is politics. However, the role that it plays cannot be overlooked in seeking to understand the dynamics of the community. There is the tendency for

Jamaicans to identify themselves strongly with political parties. Indeed, in the past elections, entire communities were identified with either the JLP and the PNP and incidents of violence between neighboring groups of different political affiliation were not uncommon. (Interviews, November 1981) However, that the situation is more complex than would at first meet the eye is suggested by the election results themselves, for while the process leading to the election was highly factionalized, the victory won by the JLP was a landslide.

e. Construction and Technical Analysis

The construction industry, including construction of shelter, has increased 6% in the last year and reverses a declining trend since 1972. Within the general area of construction, housing construction increased 4.6%, with disbursements on major projects at about the J\$27 million level for the first half of the year. The recovery of the construction industry is an important aspect of the Government's over all economic recovery program, in part because of the employment that it generates. (Economic and Social Survey, January-June, 1981)

25. Government and Construction

The Government has played a significant role in the Jamaican construction industry; indeed, it is estimated that approximately half of the construction projects that take place are Government-sponsored. However, the practice in Jamaica is to use private contractors for construction, generally inviting tenders from prequalified contractors before any project of substantial size is undertaken.

One of the difficulties that the construction industry as a whole and Government sponsored housing construction in particular have encountered is that of cost overruns despite the bidding process. These overruns have occurred for a variety of reasons, which include the delay in getting materials (especially imported materials), inflation in the prices of the materials, labor unrest at the sites, poor management. Even though performance guarantees might be sought at the outset, all too often, the reasons for lack of performance have been out of the contractor's control.

(Interviews, November 1981)

At the present time, two agencies of Government, SIHL and NHC, are assuming the role of project managers, with an eye to exercising strict cost control and efficient project management. Among measures undertaken by the SIHL, for example, is the advance bulk ordering of materials so that shortage will not be an issue.

26. Informal Sector Construction

Construction in the informal sector is generally not reflected in the national statistics. Often construction is done by an individual when he or she has the time or the resources, following a practice of adding incrementally to his or her house. This practice is common among squatters, but it is also common among those living in Government housing schemes. Established schemes, which once contained identical houses, now contain a great number of additions and variations added by their owners.

Another aspect of the informal construction sector is that of the "non-engineered" house, built often by small builders without formal engineering or architectural design. It is estimated that about 60% of the housing in Jamaica falls into either this category or that of the makeshift squatter settlement. (Interviews, November 1981)

In both types of construction, even when concrete block is used, there is virtually no adherence to building standards of any sort. A recent study indicates that these structures are particularly vulnerable to hurricane and earthquake disaster. (Cuny, 1981)

27. Building Standards

As noted in Section 4.a.3. of this Assessment, the Building Code has been revised and is awaiting issuance as a policy document. In light of the increasing construction costs, there has been some attention paid to lowering costs through lowering standards. For example, there has been some discussion about lowering current standards (based on California standards) because they do not apply to the situation in Jamaica -- i.e., the multi-storey construction is not used -- and unnecessarily increase cost because of the amount of imported steel which must be used. Further, there was a controversy in the past about attempts to eliminate a previously accepted roof support in low income housing; when eliminated, the roof's vulnerability in the case of high winds is increased. (Interviews, November 1981)

Generally, the consensus seems to be that health and safety standards should not be lowered. Cost savings may be effected through the elimination of certain types of finishing standards, however. (See, for example, Golding, October 1981; also see Chen-Young et. al., 1976 for an engineering analysis of Government-built housing.)

Because the majority of the shelter is built in the informal sector, however, the issue of the applicability of standards is moot. In a recent study of vernacular

housing in Jamaica, Intertect found certain structural areas in which such housing tended to be deficient. These include: joints in wooden housing; splicing; bracing in the building frame; and diverse aspects of masonry work. (Cuny, 1981)

28. Building Materials

The preference for block and steel housing is dominant in Jamaica, and, indeed, the large majority of new construction is block and steel. (Chen-Young et. al, 1977; Cuny, 1981) However, this form of construction both constrains productivity and increases costs. This is so because of what is referred to as the large "foreign exchange component" of these materials. The steel must be imported and the energy for the cement must also be imported. Further, virtually all the fixtures are imported as well. With regard to the steel and fixtures, their importation and the balance of payments situation makes it very difficult to assure supply. However, with the recent liberalization of import policies, allowing for non-traditional suppliers to import, there appears to be some increased supply and a slight falling off of price. (Interviews, November 1981)

In addition, the supply of cement is never assured because of the erratic nature of production. During the period 1972-1978, for example, cement production

declined by 61% (Seaga, 1981) Steps are being taken, with the assistance of a loan from the IDB (equivalent US\$57.2 million) to refurbish and to expand the cement production facility in Jamaica, including installation of a new more energy efficient furnace, conversion from petroleum to coal and replacement of existing generators (IDB, December 10, 1981). However, except for the employment that it generates, it is unlikely that the effects of this project will be felt by the construction industry for another two years.

As a result of the increasing costs of materials (estimated by Goldson to be 485% over the past decade), greater attention has been paid to developing and/or rediscovering indigenous materials to be used in building. Indeed, there is a proposal to establish a Building Research Institute under the Ministry of Construction to conduct research into appropriate substitutions for the materials presently used. This, solution, however, is longer range than that of the refurbished cement plant. (Those who argue against indigenous materials point out that, given the abundance of limestone in Jamaica, cement is about as indigenous as a material can be.

Other alternative building materials that have been used in the past and that could perhaps be used in the future include wood. Indeed, a large number of the rural houses are still made of wood. However, Intertect

has found that a supply of hardwood, appropriate for such construction, no longer exists. (Cuny, 1981) A reforestation program would have to be undertaken to assure any large-scale supply of such wood and, indeed, was suggested during the course of interviews. However, that, too, would be a relatively long-term solution. (In fact, FIDCO, a Government-owned company is reported to be undertaking such a program, although not necessarily to supply the shelter industry.) Further, wood reportedly suffers from association with old-fashioned ways and is not as acceptable or desirable to Jamaicans as are other materials. (Interestingly, however, while Intertect also found such a preference for block and steel, it also found that replacement houses of block and steel were being planned for deteriorating wooden structures at least in part because financing was available only for block and steel.)

Another approach to lowering materials costs as well as labor costs is the "systems approach." (In fact cost savings realized from this approach result from the total system, including the streamlining of project management that it allows rather than from a single component.) The "systems approach" includes prefabrication of standard modular units, which are then moved down an assembly line to receive metal studs, walls, floors, plumbing and the like. Thus, much of the labor is done off-site. Those advocating this approach

cite the cost savings resulting from standardization, but argue that standardization does not have to preclude aesthetic, cultural or social considerations. Indeed, it is pointed out, that many houses in Jamaica are systems buildings and are not distinguishable on this basis from the conventional block and steel construction. (Lake, 1981) There has also been some interest on the part of foreign investors in such systems schemes. (Interviews, November 1981)

29. Building Costs

In his recent analysis of housing costs in Jamaica, Goldson shows that during the past decade construction materials have increased 485%, construction labor has increased 256%, for a combined total increase of construction costs of 441%. (Goldson, 1981) This increase is compared with the 425% increase in the Consumer Price Index during this same period. In a period of dramatically escalating costs and declining real income, the costs of construction have outstripped those for most other things during the period 1970-1980.

The NHT estimates that developer's profit is 15% of the cost of a house and that infrastructure accounts from anywhere between 25% and 40% of the cost.

Figure 4.11 shows estimates of typical costs of a standard 500 square foot, two-room house in Jamaica today.

Figure 4.11

Cost Estimates for 2-Room, 500 sq. ft. Unit
By Construction Type

● Block and Steel	J\$15,000-20,000	*(US\$11,400)
● Wood Frame	J\$14,000-18,000	(US\$10,260)
● Concrete Nog	J\$ 9,000-11,000	(US\$6,270)
● Stone Nog	J\$ 7,000-10,000	(US\$5,700)
● Spanish Wall	J\$ 6,000-10,000	(US\$5,700)

*Note: Upper estimate

Source: Cuny, Intertect, 1981

These costs of course vary depending upon the amount of labor that is contributed, the type of contractor used, the availability of infrastructure and land. Oakley estimates that a comparable systems house costs between J\$12,000 and J\$15,000 (US\$5,586), without profit margin.

Interestingly, the cost estimates provided for the construction of the Sites and Services "habitable core," also show the the systems cost to be somewhat lower. The price quoted for conventional contractors is J\$9,800 (US\$5,586) and for systems contractors is J\$8,600 (US\$4,902). However, no profit is shown for either type of contractor. (Cunningham, 1981: Appendix) Thus, the 294 square foot habitable core is estimated to cost approximately half what a "finished" 500 square foot unit is estimated to cost, no matter which of the two approaches is used.

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30. Construction Labor

The issue of labor for construction is a difficult one in Jamaica in light of the high level of unemployment. The construction industry employs approximately 7% of the total labor force. (Department of Statistics, 1978; Economic and Social Survey, 1980) However, in times of estimated 20-25% unemployment in the labor force as a whole, the lagging of the construction industry suggests that this portion of the labor force would be disproportionately affected. Indeed, Department of Statistics figures indicate that unemployment in the construction industry ranged as high as 33% in 1978. (Department of Statistics, 1978)

In light of these figures, competition for employment on construction sites is fierce. Further, the competition has been complicated by political considerations (which can also be seen as arising from the unemployment situation in general), in which the dominant political faction in an area has insisted on the employment of certain persons. In part to accommodate these pressures, a policy of rotating labor forces on construction sites, for periods of approximately two weeks, has been commonly followed. However, this practice is perceived as leading to inefficiencies and therefore to increased costs. (Interviews, November 1981)

In 1977, the construction unions waived a cost of living increase to allow the industry better to absorb the increased cost of materials. In 1978, the construction industry received a 33 1/3% increase and again in 1980. Goldson has found that during the past decade, the increase in the Consumer Price Index has exceeded the construction worker's increase in wages by 80%. (Goldson, 1981) However, even though the unions agree with the Joint Industrial Council on the rate of increase; they agree to a daily rate and, Oakley points out this may not reflect actual wages paid because contractors tend to subcontract on a task basis. (Oakley, 1981)

31. Contractors

Most of the large scale construction in Jamaica is done through contractors. Accurate statistics concerning the number of contractors available for large scale work or of the number of small contractors are not available. However, they range in size from a company that has subsidiaries that supply various fixtures to the housing constructed to one-person operations. The problem with cost overruns is attributed, in part, to the difficulty that the small scale operator has in managing his project; often he is technically proficient but managerially lacking. In addition, contractors of all sizes have been impeded by the lack of a reliable

supply of building materials. Further, some of the difficulty that the GOJ has had in completing projects is attributed to abandonment by contractors who ran out of funds in the process of building. (Oakley, 1981) However, there is little written documentation on either of these aspects of the problem. Government agencies generally follow a practice of pre-qualifying contractors prior to accepting bids from them, although in the past the pre-qualification process has not itself prevented cost and time overruns.

g. Environment

It is beyond the scope of this Assessment to conduct a full-scale environmental review. However, various organizations with the Government of Jamaica undertake activities that relate to the environment. In addition to those discussed earlier in the Assessment in connection with provision of infrastructure, the principal entities involved in activities affecting the environment are as follows:

The Ministry of Agriculture implements a soil conservation program and, through its Survey Division, administers hydrographic surveys. In addition, the Ministry of Agriculture also allocates resources to redress flood damage, and the Ministry of Construction, through its public works program, is involved in taking preventive measures to combat flooding. The Ministry of

Mining and Energy has undertaken programs to protect the watersheds of Jamaica and to carry out ecological research. Further, it is developing a comprehensive energy plan, which includes use of biomass, solar power and wind. The Natural Resources Conservation Department under the Ministry of Mining and Energy is charged with the responsibility of developing and maintaining natural resources, such as beaches and indigenous wildlife. It also is involved in watershed protection and water resources management.

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PERSONS INTERVIEWED IN JAMAICA

Ministry of Construction

Mr. Easton Douglas, Permanent Secretary
Mr. Cummings, Acting Director, Division of Sites and
Services
Mr. Michael Archer, Director of Operations, Division
of Sites and Services

Ministry of Local Government

Mr. Joseph Morris, Director of Program Planning
Mrs. Gloria Abrahams
Mr. Owen Mitchell
Mr. Mathews

Ministry of Finance and Planning

Mrs. Jacqueline daCosta
Mr. Knut Miller
Mrs. Gloria Gray

Sugar Industry Housing, Ltd.

Mr. Carlton Cunningham, Managing Director

Urban Development Corporation

Mrs. Gloria Knight, Managing Director
Ms. Nadine Isaacs, Architect

National Housing Trust

Mr. Keith Gilfillian, Director of Research

National Housing Corporation

Mr. Emory Woodstock

Jamaica Mortgage Bank

Mr. David Levermore, Managing Director

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Mr. Raymond Ocasio, Resident Housing Advisor

Department of Statistics

Mr. Roland Booth

Town Planning Department

Mrs. Marcia Edwards

Mr. Powell

Other Government Agencies

Mrs. Shirley Williams, Jamaica National Investment
Promotion

Mr. Roger Foster, PAMCO

Private Financial Institutions

Mr. Elon Beckford, Managing Director, Jamaica Citizens
Bank

Mr. Melvin Carey, Director of Trust Division, Jamaica
Citizens Bank

Mr. Joseph Bailey, Managing Director, Building
Societies Association of Jamaica

Private Development Institutions

Mr. Paul Thompson, Chairman, Mutual Housing Services,
Ltd.

Mr. Noel Frazer, Mutual Housing Services, Ltd.

Mr. Williams, Mutual Housing Services, Ltd.

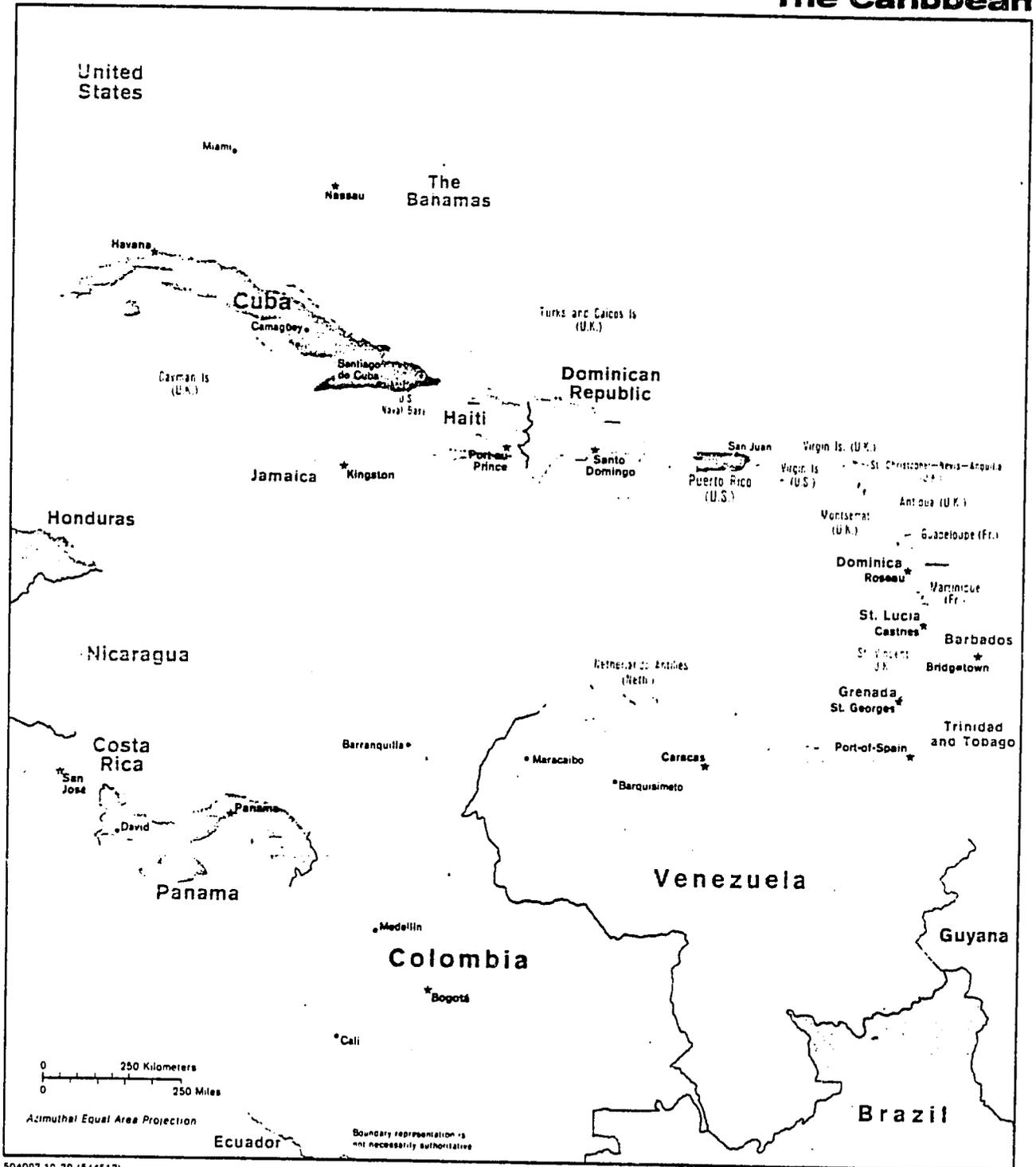
Mr. Val Johnson, private developer

University of the West Indies

Professor Wilberne H. Persaud, Economics Department

Professor L. Alan Eyre, Geography Department

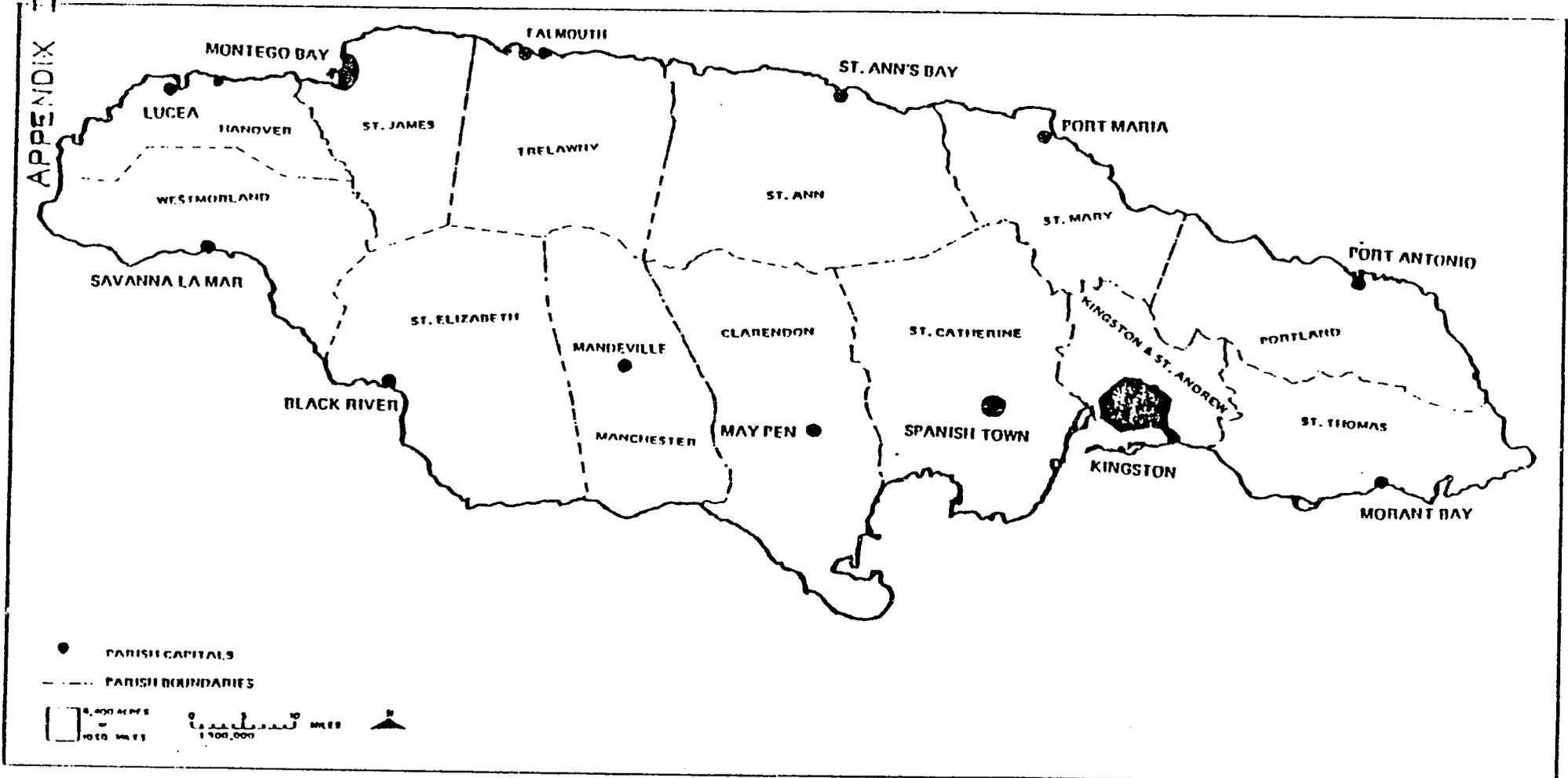
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MAIN TOWNS OF JAMAICA

MAP 1



11

APPENDICES

MINISTRIES OF THE GOVERNMENT OF JAMAICA

MINISTRY OF AGRICULTURE
MINISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE
MINISTRY OF FINANCE AND PLANNING
MINISTRY OF LABOUR AND THE PUBLIC SERVICE
MINISTRY OF MINING AND ENERGY
MINISTRY OF INDUSTRY AND COMMERCE
MINISTRY OF PUBLIC UTILITIES AND TRANSPORT
MINISTRY OF CONSTRUCTION
MINISTRY OF EDUCATION
MINISTRY OF YOUTH AND COMMUNITY DEVELOPMENT
MINISTRY OF HEALTH
MINISTRY OF SOCIAL SECURITY
MINISTRY OF NATIONAL SECURITY AND JUSTICE
MINISTRY OF LOCAL GOVERNMENT
MINISTRY OF TOURISM

PROPERTY TAX

Fiscal Year	Estimates	Consolidated Funds Receipts	Gross Receipts
	§	§	§
1974/75	23,000,000	11,630,880	12,129,948
1975/76	27,000,000	23,000,000	22,919,734
1976/77	32,500,000	21,000,000	22,779,194
1977/78	40,000,000	22,500,000	25,004,301
1978/79	36,000,000	24,519,000	24,405,322
1979/80	27,000,000	25,086,826	
1980/81	28,000,000		

Ministry of Finance & Planning, 1981

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Principal legislation directly related to
Real Property/Real Property/Land and it's
uses, in particular conveyance of land,
transactions involving land, land use, land
utilization, land development, agricultural
development

LEGISLATION

1. Administrator General's Act
2. Agricultural Small Holdings Act
3. Apportionment Act
4. Bodies Corporate (Joint Tenency) Act
5. Conveyancing Act
6. Conveyances (Voluntary) Act
7. Crown Property (Vesting) Act
8. Dividing Fences Act
9. Foreign Governments (Landholding) Act
10. Facilities for Titles Act
11. Housing Act
12. Intestate Estates and Property Charges Act
13. Land Acquisition Act
14. Land Development and Utilization Act
15. Land Bonds Act
16. Land Development Duty Act
17. Land Improvement Tax Act
18. Land Taxation (Relief) Act
19. Land Valuation Act
20. Land Clauses Act
21. Limitation of Actions Act
22. Local Improvements Act
23. Local Improvements (Community Amenities) Act
24. Minerals (Vesting) Act
25. Mining Act
26. Prescription Act
27. Property Tax Act
28. Property (Rates and Taxes) (Relief) Act
29. Property (Transfer) Act
30. Petroleum Act
31. Quarries Act
32. Quit Rents Act

33. Real Property Representative Act
34. Registration of Titles Act
35. Registration (Strata Titles) Act
36. Restrictive Covenants (Discharge & Modification) Act
37. Landlord and Tenants Act
38. Rent Restriction Act
39. Settled Land Act
40. Town and Country Planning Act
41. Transfer Tax Act
42. Trespass Act
43. Vendors and Purchasers Act
44. Wills Act

Legislation - relating to, or accepting Real Property Land and its uses, in particular Conveyances of land, transactions involving land, succession to land, land use, land utilization, land development, and agricultural development

45. Bankruptcy Act
46. Debtors Act
47. Debentures Registration Act
48. Debentures (Local) Act
49. Attestation of Instruments (Facilities) Act
50. Kingston and St. Andrew Building Act
51. Kingston and St. Andrew Corporation Act
52. Kingston and St. Andrew Water Commission Act
53. Kingston Improvements Act
54. Land Surveyors Act
55. Married Women's Property Act
56. Main Roads Act
57. Parochial Roads Act
58. Record of Deeds, Wills and Letters Patent Act
59. Probate of Deeds Act, Probate (re-sealing) Act
60. Trustee Act
61. Trustees, Attorneys, and Executors (Accounts and General) Act
62. Trustees (Religious, Educational and Charitable) Vesting Act
63. Burial Within Town Limits Act

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Legislation - directly related to Real Property and in particular legislation which deals with the use of specific areas of land or property.

- 65. Bath of St. Thomas the Apostle
 - 66. Beach Control Act
 - 67. Black River (Upper Morass) Reclamation Act
 - 68. Harbours Act
 - 69. Forrest Act
 - 70. Maroon Townships Land Allotment Act
 - 71. Milk River Bath Act
 - 72. Morant and Pedro Cays Act
 - 73. Water Act
- 73(A) *Water Act*
73(B) *Water Act*
Legislation - on financial or tax matters which affect Real Property/Land, and dealings or transactions involving Real Property

LEGISLATION

- 74. Banking Act
- 75. Bauxite (Production Levy) Act
- 76. Bills of Sale Act
- 77. Companies Act
- 78. Exchange Control Act
- 79. Farm Loans Act
- 80. Jamaica Mortgage Bank Act
- 81. Mortgage Insurance Act
- 82. Moneylending Act
- 83. Income Tax Act
- 84. Stamp Duty Act
- 85. Building Societies Act

Legislation - relating to or affecting Real Property/Land and its uses, in particular, legislation establishing bodies and institutions for the purpose of guiding and directing and participating in the utilization of land, and development, agricultural development, and the encouragement of the same

LEGISLATION

- 86. Agricultural Credit Board Act
- 87. Agricultural Development Corporation Act
- 88. Agricultural Loans Act
- 89. Agricultural Produce Act
- 90. National Housing Corporation Act

91. Sugar Industry Control Act
92. Urban Development Corporation Act
93. Land Authorities Act
94. National Housing Trust Act
95. Agricultural Incentives Act
96. Watershed Protection Act

English Statutes/Imperial Acts of Parliament which have been esteemed, introduced, used, accepted or received as Laws of Jamaica

97. 5 Richard II, st. 1, C.7
98. 15 Richard II, C.2
99. 8 Henry VI, C.9
100. 27 Elizabeth, C.4
101. 31 Elizabeth, C.5, s.5
102. 4 Anne, C.16, s.17
21 James I, C.16, s.3
103. 29 Charles II, C.3

Other Legislation and Laws - which may affect in one way or another Real Property Land and its ownership; and its uses, and transactions involving land

104. Judicature (Resident Magistrates Court) Act
105. Judicature (Supreme Court) Act
106. Judicature (Civil Procedure Code) Law
107. Constitution of Jamaica
108. Common Law
109. The Kingston and St. Andrew (Cemeteries) Act
110. The Kingston Public Gardens Act
111. The Clean Air Act

NATIONAL HOUSING TRUST CONFIDENTIAL

INCOME DISTRIBUTION - ALL JAMAICA 1976, 1980

AVERAGE WEEKLY INCOME - 1976	AVERAGE WEEKLY INCOME - 1980	NO. OF CONTRIBUTORS	%	CUMULATIVE %
\$	\$			
20 - 29	30 - 42	56,332	20.7	-
30 - 39	43 - 57	44,767	16.4	37.1
40 - 49	58 - 72	34,124	12.5	49.6
50 - 59	73 - 86	27,985	10.3	59.9
60 - 69	87 - 101	21,999	8.1	68.0
70 - 79	102 - 116	15,919	5.8	73.8
80 - 89	117 - 130	12,517	4.6	78.4
90 - 99	131 - 145	9,676	3.5	81.9
100 - 119	146 - 174	14,063	5.2	87.1
120 - 129	175 - 189	5,119	1.9	89.0
130 - 139	190 - 203	3,978	1.5	90.5
140 - 149	204 - 218	3,211	1.2	91.7
150 - 159	219 - 233	2,757	1.0	92.7
160 - 179	234 - 262	4,571	1.7	94.4
180 - 199	263 - 291	3,337	1.2	95.6
200 AND OVER	292 AND OVER	<u>12,096</u>	<u>4.4</u>	100.0
		<u>272,451</u>	<u>100.0</u>	

NOTE: BETWEEN 1976 AND 1980 AVERAGE WEEKLY INCOME INCREASED BY 46%.
WHEN THESE INCREASES ARE COMPARED WITH THE PERCENTAGE MOVEMENT IN THE
CONSUMER PRICE INDEX, 274.2%, REAL INCOME FELL BY 47% OVER THE PERIOD.

RESEARCH DEPARTMENT
NATIONAL HOUSING TRUST
AUGUST 1981.

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TABLE 2

ESTIMATED NHT CONTRIBUTION BY NUMBER OF CONTRIBUTORS
AND INCOME GROUPS - 1980

1980	TOTAL NO. OF CONTRIBUTORS	%	MEDIAN INCOME	TOTAL EMPLOYEE CONTRIBUTIONS	TOTAL EMPLOYER CONTRIBUTIONS	TOTAL CONTRIBUTIONS
\$			\$	\$	\$	\$
GROUP I 30 - 86	163,208	59.9	58.00	9,629,272	14,443,908	24,073,180
GROUP II 87 - 174	74,174	27.2	130.5	9,494,272	14,241,408	23,735,680
GROUP III 175 - 291	22,973	8.4	233.0	5,306,763	7,960,145	13,266,908
GROUP IV 292 AND OVER	<u>12,096</u>	<u>4.5</u>	292.0	<u>3,544,128</u>	<u>5,316,192</u>	<u>8,860,320</u>
TOTAL	<u>272,451</u>	<u>100.0</u>		<u>27,974,435</u>	<u>41,961,653</u>	<u>69,936,088</u>

RESEARCH DEPARTMENT, NATIONAL HOUSING TRUST
AUGUST 1981.