



INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS

NATIONAL SHELTER SECTOR STRATEGY REPORT

JAMAICA

NAIROBI

KENYA

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PART I

NATIONAL SHELTER SECTOR STRATEGY

The National Shelter Sector Strategy is the result of a commitment made by the Government of Jamaica to evaluate current trends and development efforts in the housing sector and to identify the policies and strategies required to deal with high priority national shelter needs.

In order to complete this exercise, work was carried out in three major areas as follows:—

- (i) Housing Needs Assessment
- (ii) Housing Market Analyses; and
- (iii) Review of financial, land, legal and technical aspects of the sector.

The Strategy is based on the findings of these three areas and has been prepared in four parts. Part I presents the main elements of the Strategy, while Parts II to IV set out the findings of the Housing Needs Assessment, the results of the market analyses, and an evaluation of the existing shelter sector.

EXECUTIVE SUMMARY

The major elements of the current shelter situation of the country can be summarized as follows:—

- A formal sector which has been concentrating on completed units; the private sector for upper income groups and the public sector for middle and moderate income groups.
- A lack of collaboration between the public and private sector, viz. separate funding mechanisms, interest rate structures, and development and underwriting procedures.
- A decline in formal housing investment from 2.4 per cent of GDP in 1980 to 1.0 per cent in 1985.
- An average annual production of units by the formal sector from 1971 to 1986 of 3,500; approximately one-fourth of annual estimated housing needs.
- A critical shortage of funds in the public sector with a dependence on external financing for most low-income shelter programmes.

In spite of the foregoing, the housing stock in Jamaica increased by 78,000 units in the intercensal period, 1970 to 1982. This indicates that there is a significant investment in shelter by the informal sector, and that a large increase in public sector investment is not an indispensable condition for the growth of housing investment. In fact, when formal shelter programmes are altered from completed units to those components facilitating and supporting the investment of low-income households, it is possible to obtain the targets set in the Housing Needs Assessment at 1985 investment levels.

It is within these financing parameters that the National Shelter Sector Strategy has set the goals for new shelter solutions. The solutions aim at new housing as well as the upgrading of existing housing and related amenities as follows:—

- The provision of surveyed and serviced land for very low income families.
- The provision of a higher standard of infrastructure (individual connections) and individual titles to rapidly consolidating squatter areas.
- The provision of core, starter, and shell houses for those families in slightly higher income brackets.

- Collaboration between the public and private sectors in the provision of house construction and home improvement loans.
- Encouragement to the private sector to produce starter homes and serviced sites for sale to moderate and middle income groups.

The demands that will be required of the institutional framework to implement the strategy will be of a radically different character from what obtains at present. There will be need for the Ministry of Construction (Housing) (MOC (H)), its project managers and related organizations to perform broader co-ordination and outreach functions emanating from the new strategy and programmes. It is envisioned that the public sector mainly through the MOC (H) will evolve into a co-ordinator and facilitator of the provision of shelter services, undertaking those things that only Government can provide.

In addition, the Shelter Strategy will be directed towards improving the housing finance system and expanding access to housing credits. This approach reflects changes in government housing policy that were adopted in the early 1980s. In addition, shelter strategies will be directed towards the reform of financial markets and institutions in order to facilitate the required flow of financial resources into the low and moderate income segment of the market.

Thus Government will facilitate the low-income shelter process by shifting away from the direct production of housing towards a more incremental approach.

PARTS II – IV

OVERVIEW

The following presents the major findings of Parts II to IV of the Shelter Sector Strategy. Part II examines current and future housing needs, Part III reports on the results of market demand surveys to determine preferences and affordability of low income groups for shelter in four different geographic locations, while Part IV discusses past interventions in the housing market.

Socio-Economic Profile of Housing Needs

- The vast majority of dwelling units are constructed of concrete, stone or brick. Most wattle and Daub units are found in the rural areas and were built prior to 1960.
- In the Kingston Metropolitan Area (KMA), almost all households (87 per cent) enjoy both piped water and toilet facilities. In other urban centres, water and sanitary services are considerably less widely available, only 46 per cent of households enjoying both piped water and toilet facilities. Rural households received the lowest levels of infrastructure services with 80 per cent of households using pit latrines.
- Approximately 85 per cent of dwelling units in Jamaica are single-family detached houses; fewer than 5 per cent are units in apartment buildings.
- About half of all households (47 per cent) own the dwelling they live in, while 31 per cent rent from private landlords and 8.2 per cent occupy units rent free.
- A significantly larger proportion of households in the KMA are accommodated in one-room dwellings. However, the differential is not as great when one- and two-room dwellings are considered. More than half of all households in Jamaica live in one or two rooms, and less than 15 per cent of households occupy more than four rooms.
- A significant proportion of new construction is built by the informal sector.

Based on the above, three indices, structure, amenities and space have been used to calculate Jamaica's current housing deficit. It has been estimated that Jamaica needs to build approximately 9,400 dwelling units to eliminate over-crowding and 26,800 dwellings to replace units that are non-upgradable. In addition, approximately 194,000 units lack piped water, with the vast majority of these in the rural areas.

Based on a Housing Needs Assessment, approximately 15,000 units of new construction and 9,700 upgrades are required annually up to year 2006. More than half of the new units are required in the KMA, while the vast majority (85 per cent) of upgrades are required by rural households, very few of whom now enjoy piped water.

The market demand analyses have indicated that the preferable solution is acquiring either a completed unit or a starter home in a different location. For those respondents who wanted to acquire two-bedroom units their affordability levels clearly did not match their aspirations. Respondents who indicated home improvement as their preferred shelter solution generally requested small loans of less than J\$5,000.

1 J\$5.5 = US\$1.00

Shelter Output between 1970 and 1986

The Policy Implications

The average annual production of units declined from 3,940 in the period 1971 to 1980 to 2,850 units in the period 1982 to 1986. A number of factors has been responsible for the decline, the most significant of which are:-

- decline in investment in the sector, particularly in government allocations to housing;
- continuing increases in construction costs causing a growing affordability gap;
- government policies, including interest rates and taxes, in the sector.

The 1982 census, however, indicates that the housing stock had increased from 427,000 units in 1970 to 505,000 units in 1982. This addition to the housing stock during the period, against a decline in housing production by the formal sector, indicates that the share of household resources which flowed into the sector has been considerable.

In addition, it is assumed that a considerable share of the resources that goes into housing consists of extensions, additions and replacements. Replacements of the old housing stock do not seem to be taking place through a simple process of demolition of the old unit and construction of a new one. Further, the old stock is being converted into multi-household occupancy, the index of doubling-up being 2.8 per cent in the Kingston Metropolitan Area (KMA).

An analysis of investment needs has defined the macro-economic constraints within which housing investment has taken place in the past and will have to take place in the future.

It is important for the shelter strategy to relate itself to a macro-economic framework of this type. There are two factors which must be noted. First, investment and resources flows refer only to the formal sector. Second, as indicated earlier, the share of household resources which flowed into the sector must have been considerable in view of the decline of housing production in the formal sector.

Housing investment has suffered a serious set back with investment amounting to 1.0 per cent of GDP in 1985 compared with 2.4 per cent in 1980. The decline in Government resource flows to the sector is the major factor accounting for the lack of growth of housing's contribution to GDP.

In spite of this decline, at 1985 investment levels it is possible to obtain the targets set when construction standards are lowered.

This requires a major re-orientation of Government shelter programmes which addresses the short-comings of public sector investment in the sector in the recent past. It is evident that many of the programmes cannot achieve the objectives set to reach the target income groups because of cost escalation. The latter is due in part to rapid inflation experienced in the economy during the 1970s and early 1980s as well as inadequate project management which resulted in time and cost overruns.

Case studies indicate that informal construction processes are important; they form an integral part of the improvement and adjustments of shelter for a large part of the population. A shelter strategy directed at the shelter needs of the mass of the population must facilitate and support these processes and incorporate them into shelter programmes.

OBJECTIVES OF SHELTER STRATEGY

Government's overall goal in the shelter sector is to provide safe and sanitary shelter for the population. For the purpose of the Shelter Sector Strategy the population has been divided into five income groups or quintiles. Median 1986 income for households in the lowest quintile is only about JS4,500 (US\$820) in urban areas and less than JS3,000 (US\$550) in rural areas. Households in the highest quintiles enjoy median incomes that are roughly ten times higher. Government has identified, therefore, households with median incomes of JS18,000 (US\$3,000) and less as the target groups to which it will devote special attention and resources. These income groups have been identified as being most in need of Government assistance if they are to improve their housing conditions.

The major objectives of Government's Shelter Strategy are as follows: –

- (i) **To create the market conditions, provide the incentives, and facilitate the flow of resources to augment the supply of shelter.** The 1982 National Housing Policy addressed the reform of the housing financial system. This process will be taken further in the Shelter Sector Strategy and housing finance institutions will now become more concerned with facilitating capital flows to that part of the market where the need is greatest.
- (ii) **To accelerate home improvement and the upgrading and transformation of the housing stock in order that shelter of adequate quality may be available to the population as a whole.** The rapid increase in construction cost associated with the provision of new housing has resulted in an ever widening affordability gap. The purchase of new housing is, therefore, becoming less of an obtainable goal for a large proportion of the population. Government will, therefore, as part of its overall strategy, improve and upgrade existing housing by expanding the programme options for improving the housing stock.
- (iii) **To make shelter programmes more accessible to the poor.** Government will develop an integrated programme to facilitate low-cost solutions such as land and infrastructure on minimally serviced sites and fully serviced sites; core (unfinished) houses; and long and short term financing for families in the target group. Government will optimise the benefits that can be provided with the available resources by maximizing cost recovery in its programmes and reducing subsidies.
- (iv) **To encourage greater private sector participation.** Government will implement this strategy by moving away from its previous direct involvement in housing construction and providing mechanisms for the private sector to participate in this sector of the market. Financial institutions will also be encouraged to expand the availability of financing available to the target income groups.

In keeping with the objectives outlined above, solutions offered by Government will focus on the affordability and preferences of the target group. The chapter on finance (Chapter 6) provides an indicative estimate of the share of resources that will be available for the shelter sector. It is within these financing parameters that the National Shelter Sector Strategy has set the goals and targets for new shelter solutions.

Shelter Solutions

The shelter solutions to be offered by Government must respond to a wide range of shelter needs, as demonstrated in the market demand analysis, and should include upgrading, extension and the provision of basic amenities. In addition, a greater effort will be made to provide solutions to the target income groups than has been done in the past.

Public sector investment in shelter is now seen essentially in terms of two objectives. First, emphasis will be placed on those segments of the sector where shelter needs are acute and where households cannot cope without Government support and intervention, i.e., target groups with income JS18,000 (US\$3,300) and below. As a result, a large part of Government's activities will be targeted at those disadvantaged groups living in slums and squatter communities. Second, the major financing role of the state is to be a catalytic one, that of stimulating and facilitating household investments in shelter. Government will reduce its large-scale construction of new units which cannot be afforded by the target group. It will finance shelter investments for low-cost solutions for a range of options which cater to the varying needs of households, as demonstrated in the market demand analysis. The solutions aim at new housing as well as the upgrading of existing housing and related amenities and are structured to meet the affordability of target income groups. They are:

- (i) Site with minimum services (unsurfaced roads and drains, water, cesspit);
- (ii) Site with full services (household connections plus septic tank);
- (iii) Core-house (unfinished unit);
- (iv) One-Bedroom starter home (300 sq. ft.);
- (v) Comprehensive Urban Improvement Areas;
- (vi) Settlement Upgrading;
- (vii) Private Upgrades (Home Improvement).

Figure A. 1 shows the shelter solutions offered and affordability of the target income groups.

FIGURE A.1 SHELTER SOLUTIONS AND AFFORDABILITY

Type of Solution	Cost JS	Down Payment % JS	Interest Rate	Period of re-payment	Monthly payment JS	Proportion of Income Payable in Instalments	Income Group JS
1. Site: Minimal Services	8,000	--	6.0%	30 yrs	48.00	15%	3,837
2. Site: Full Services	19,000	--	8.0%	30 yrs	139.42	20%	8,365
3. Core House	36,000	5% 1,800	10.0%	30 yrs	300.17	25%	14,408
4. Starter Home	56,000	5% 2,800	10.0%	30 yrs	466.83	25%	22,408
5. Home Improvement	5,000	--	12.0%	5 yrs	111.25	20%	6,675
6. Settlement Upgrading	11,000	5% 550	6.0%	30 yrs	62.67	20%	3,760

STRATEGIES TO ACHIEVE OBJECTIVES

In order to achieve the objectives outlined above, policy initiatives will be undertaken by Government in the following areas:--

- Financing Shelter
- Land for Shelter
- Building Materials
- Legislation.
- Organizational Framework

Financing Shelter

The major strategies to be considered are:--

- (i) targeting more funds to low and moderate income households;
- (ii) developing more flexible financing arrangements such that subsidies are reduced overtime,
- (iii) supporting programmes and initiatives that expand the availability of house construction and home improvement financing for target group households.
- (iv) encouraging greater private sector participation in the sector through such mechanisms as regulator incentives, risk sharing, government 'take out' guarantees, etc.

In order to achieve the above, Government will undertake action at two levels, viz. generating more funds for housing from both the public and private sectors and facilitating the non-conventional finance and construction process.

The substantial housing investment which has been taking place in all income categories leads to the conclusion that a large increase in the public sector investment in shelter is not an indispensable condition for the growth of housing investment. This has important implications for the National Shelter Sector Strategy. It indicates that Government investment in housing plays a relatively minor role in terms of volume; and that if it is to be effective, it has to assume a catalytic role which supports and accelerates private investment flows.

Possibilities for improving the housing finance system in a number of areas still exist. In an attempt to rationalize the housing

finance system, the 1982 National Housing Policy targeted reforms at institutional arrangements. It may be wise, however, if too rigid a framework is not established early in the process. The diversity of lending systems can be an asset in increasing access to finance for the low-income population. What is required is to improve the structure in such a manner that institutional lending does not reach and cater only for the credit-worthy, middle-income groups. There is adequate evidence that low-income dwellers will make significant investments in shelter under certain circumstances. The following actions will, therefore, be undertaken to mobilize resources for low-income shelter both in terms of the formal housing finance system and the people themselves.

A. Short-Term Actions

* **Target more funds to low and moderate-income households.**

The public sector housing programme in the period 1970 to 1985 was on the whole a high cost one. If total Government outlay during that period is compared with total output, it would appear that average cost of a housing unit was J\$50,000 in current day prices, with the unit cost of urban housing schemes significantly higher.

Approximately 60 per cent of government outlay was absorbed in twenty-two housing schemes which catered to the upper-middle and middle-income groups. It has to be noted that the output of permanent housing units did not expand significantly despite the public sector outlays. In addition, with the steep escalation of costs many of the units that were constructed were priced outside of the reach of lower income groups. This meant that government was financing a component of housing for higher income groups at a time when it was facing large budgetary deficits. This component of housing investment was therefore not an effective way of allocating resources in the national economy nor of utilizing the resources that were available for housing.

In this context there has been a major reappraisal and re-orientation of Government's role in housing investment. Government proposes to reduce its involvement in direct construction and to finance a more flexible programme of loans to house builders, thereby covering a wider range of housing investments from upgrading and provision of amenities to new construction.

In this new approach private sector housing finance institutions, including credit unions, will assume a more active role in the provision of shelter for low and moderate income groups. They will collaborate with government institutions in the provision of construction and mortgage finance for low-income solutions previously discussed.

Mechanisms by which this can be achieved and sustained will be tested in a new AID Housing Guarantee private sector loan whereby Caribbean Housing Finance Corporation (CHFC) will make loans to private developers and finance institutions for the provision of shelter projects such as serviced sites, core houses and starter homes.

National Housing Trust (NHT) and Caribbean Housing Finance Corporation (CHFC) will expand long term financing for low-income households purchasing minimally serviced sites and upgraded plots. The mortgage "take out" funds will be recycled to the Ministry of Construction (Housing) (MOC (H)) for the continued financing of low-income shelter.

In order to make shelter affordable to low and moderate income households, direct and/or indirect subsidies will continue to be required. However, these subsidies will be quantified and targeted to those households with the greatest need, and as income increases, interest rate subsidies will be phased out.

* **Develop flexible financing arrangements**

As was indicated in Figure A.1, all the solutions being offered are affordable by the target group i.e., income groups with incomes of J\$18,000 and less with the exception of starter homes. Figure A.2 shows that with the use of graduated payment mortgages (GPMs), starter homes also become affordable by the target income group. Since the financial success of the shelter strategy depends on whether the shelter solutions offered are affordable by target groups, the public sector is already using GPMs to reduce payments in the early years of a mortgage. It is also considering the use of escalating payment mortgages (EPMs) in which interest rates slowly approach market rates overtime.

However, both GPMs and EMPs must be closely related to such factors as the income of the beneficiary, quantum of the loan, the cost of the solution, and the period of repayment. Such instruments will be used to narrow the gap between government interest rates and market rates and also reduce the need for interest rate subsidies. In addition,

Government will encourage private mortgage lenders to adopt escalated payment mortgages (EPMs) that are affordable to home owners while still providing attractive yields.

FIGURE A.2 **SHELTER SOLUTIONS AND AFFORDABILITY**
WITH GRADUATED PAYMENT MORTGAGES (GPMs)

Type of Solution	Cost JS	Down-pay-ment JS	Interest Rate	Period of re-pay-ment JS	Monthly Pay-ment	Proportion of Income Payable in Instal-ments	Income Group JS
1. Site: Minimal Services (a)	8,000	500	6%	30 yrs	33.32	15%	2,666
2. Site: Full Services (b)	19,000	1,000	6%	30 yrs	68.53	20%	4,112
3. Core House (c)	36,000	6,000	8%	30 yrs	134.10	25%	6,437
4. Starter Home (d)	56,000	6,000	10%	30 yrs	247.57	25%	11,884
5. Settlement Upgrading (e)	11,000	1,000	6%	30 yrs	38.07	20%	2,284

- (a) Initial monthly payment increases at 10% annually until year 7, when mortgage payments level off at JS59.01
 (b) Initial monthly payment increases at 10% annually until year 7, when mortgage payments level off at JS 121.29
 (c) Initial monthly payment increases at 10% annually until year 8, when mortgage payments level off at JS 261.32
 (d) Initial monthly payment increases at 10% annually until year 10, when mortgage payments level off at JS 583.76
 (e) Initial monthly payment increases at 10% annually until year 7, when monthly mortgage payments level off at JS 67.44

*** Non-Conventional Approaches to Finance Shelter**

Public and private lenders will examine the following techniques in an effort to provide more financing for shelter for the poor:—

- (i) small loans, in the form of tools and materials, through community or sponsor groups;
- (ii) loan for gradual purchase and or improvement of dwellings;
- (iii) flexible loan repayment schedules;
- (iv) easy to understand explanations of loans;
- (v) training of officers to help borrowers keep proper accounts and meet repayment schedules.

In keeping with the above, Government will encourage and mobilize the self help resources of the poor, as manifested in the informal construction process, in a more structured manner. The Ministry of Construction (Housing) will introduce the above elements in its serviced sites schemes, selling plots both to the National Housing Trust and through its Marketing Task Force. Credit Unions and other community sponsor groups will make small loans (around JS5,000) to plot beneficiaries. MOC (II) will provide various house plans and bills of quantities to the credit unions and sponsor groups. Technical assistance will also be available through local MOC (II) offices.

B. Medium Term Actions

- * Government will encourage private sector construction and maintenance of housing by establishing incentives for commercial banks to make construction and home improvement loans. These could include such actions as exempting construction and home improvement loans from the reserve requirements established for commercial banks; sharing the risks through the provision of mortgage insurance; guaranteeing mortgage financing from the NHT, etc.**

- * In the field of institutional lending one of the measures to be explored by Government is establishing a long term voluntary savings programme at the NHT. This is seen as a mechanism whereby the flow of resources can be expanded and the reach of the institution further extended to lower income groups. In this way, the NHT would also broaden its base of contributors. Given the fact that contributions are now being refunded, such a voluntary programme would achieve the following:--

- (i) give NHT contributors the alternative of allowing their contributions to remain in the NHT as a savings towards a future loan,
- (ii) encourage low-income groups to voluntarily save for housing,
- (iii) ultimately become the basis for the creation of a National Housing Bank which would serve a much broader contributory population than is presently being served.

C. Long Term Actions

- * In the long term Government will consider expanding the NHT into a National Housing Bank. In the long term approach required to restructure the housing finance system, a specialized National Housing Bank would have a supportive role to play in both mobilizing resources and ensuring that a wide network of lending institutions, reaching down to the local level, functions actively in promoting housing investments based on national priorities.
- * Make more public funds, particularly National Insurance Funds available to the National Housing Bank. In the short term, macro-economic constraints make it difficult to divert funds from one sector of the economy to another. In the long term, however, Government will give consideration to this issue.

Land For Shelter

The major strategies to be considered are:--

- (i) improve the supply of serviced land to the poor;
- (ii) encourage efficient use of land;
- (iii) increase access to credit.

In order to achieve the above, Government will undertake the following actions to increase land for housing the poor.

A. Short Term Action

- * **Develop a land banking system and criteria for future land acquisition.**
The land owned by Government is an important resource from which land can be made available for housing. In urban areas it can be a critical factor for stabilizing prices at a time of acute land scarcity and rising land prices.

While the Commissioner of Lands is the principal authority for the management and allocation of government land, there is a considerable amount of government land vested in the Ministry of Housing, a Corporation Sole, public corporations and local authorities for various purposes and uses. There is, at present, no complete inventory of the available government land in the island. Government should therefore undertake a complete inventory of all its land holdings, particularly urban land, in preparation of a programme of land banking in MOC (H).

Under utilized and other types of government owned land which should be made available for shelter can be identified through intensive surveys. Land swaps between various government agencies and MOC (H) could then take place.

- * **Optimal Use of Land**

It is extremely important to practise economy in land use in a country which has a growing population but limited land area. Land acquisition programmes for new home building should be co-ordinated with the renewal of old cities (KMA, Spanish Town) with emphasis on rehabilitation.

Strategies and programmes which have high priority for the use of land in urban areas are those that deal with the problems of slum and squatter settlements.

Although some of the squatter settlements now occupy land which is either unsuitable or would not be available for permanent construction, a large share of squatter settlements and almost all the stock of slum houses occupy land which in many instances is of very high commercial value.

It may not be feasible to limit strategies entirely to upgrading and comprehensive urban improvement. In the KMA where land values are high, relocation will be considered as an alternative with part of the land used for low rise construction to re-house the present occupants of sub-standard units, thus releasing the remainder of the land for alternative uses commensurate with the value of the land.

* **Improve Security of Tenure**

Improvement in land administration is an area where the public sector must play the principal role if bottlenecks in the supply of land are to be removed. The importance of security of tenure to households in Jamaica is demonstrated by the fact that in most squatter communities houses consist of discarded material, while appliances and furniture are of more substantial quality. Squatters live with the fact that quit notices can be issued at any time and they must move quickly.

Security of tenure will be accompanied by improved services and financial assistance as part of minimal solutions proposed by Government.

* **Improve Title Process**

The lack of adequate information about land, particularly urban land, also creates problems which constrict the urban land market and interferes with important development projects.

The length of time required to obtain a clear title is a severe hindrance to a smooth housing delivery process.

Government will initiate and conduct a survey and study with a view to streamlining the land titling and registration process.

B. Medium Term Actions

* In the medium term, Government will develop a land policy for Jamaica which will address the following:—

- management of public land;
- acquisition and divestment;
- property taxation as an incentive to development;
- ownership, access and tenure;
- land resources and land use.

C. Long Term Actions

* The need for a cadastral map of Jamaica is also critical. Government will examine the possibility of co-ordinating on-going activity in this area under the Survey Department which has the responsibility and the necessary expertise for such an exercise.

Building Materials, Standards and Technology

The major strategies to be considered are:—

- (i) Encourage home construction and ownership to standards that meet the country's needs;
- (ii) Promote and mobilize indigenous resources and technology;
- (iii) Promote effective, non-conventional training techniques;
- (iv) Encourage greater self help particularly in the use of indigenous materials.

In order to achieve the above, the following actions will be taken:—

A. Short Term Actions

In 1982 the **Building Research Institute (BRI)** was established with the objective of utilizing indigenous materials in order to reduce the import and energy content in construction and to transfer intermediate technology to achieve this objective.

The role of the BRI will be expanded to perform the following functions:—

- Strengthen national capabilities for dissemination of information and adoption of research findings;
- Promote traditional and small-scale production of building materials;
- Develop technologies that are appropriate for the small scale construction sector,

* **Improved Project Management**

Government and its project managers will work towards improving the construction management process such that costs are better controlled and projects are completed on a timely basis. Research will be carried out to determine whether fixed cost contracts are possible in Jamaica.

* **Improved Training**

Government will work with NGOs to diversify the scope of training and promote non-conventional training methods. For example, efforts will be made to improve the capabilities of informal contractors. In this regard, Government will prepare easily understood documents for the layman on various construction techniques such as making buildings safe against hurricanes and other natural disasters.

B. Medium Term Actions

- * Based on research conducted by BRI, Government along with the professional organizations will examine methods for adopting standards and specifications for indigenous building materials.

Legislation

The major strategies to be considered are:

- (i) Re-examine the issues and impacts of rent control;
- (ii) Re-examine the issue of land use control.

In order to achieve the above, the following actions will be taken:—

A. Short Term Actions

* **Rent Restriction Act**

Research and study will be undertaken to determine the impact of the Rent Restriction Act vis-à-vis private residential/commercial investment and maintenance.

* **Land Use Controls**

Re-examine Land Use Control mechanisms in the following areas:—

- (i) As part of a continuing exercise, general policy guidelines for land use activities in the KMA will be promulgated in the new Development Order;
- (ii) Greater flexibility in zoning regulations such as mixed land use zoning and Planned Unit Development will be established in the new Development Order.
- (iii) Affordable housing schemes permitting higher densities, mixed plot uses, and modified standards of parking and open space where applicable, should be established in new Development Order.

FIGURE B

**SUMMARY OF POLICY INITIATIVES
OBJECTIVES**

TIME FRAME	Facilitate Flow of Resources	Accelerate Home Improvement	Make Shelter Programmes more Accessible to the Poor	Encourage Greater Private Sector Participation
Short Term	<ul style="list-style-type: none"> • Target more funds to low-income groups • Develop and test flexible financing arrangements • Develop non-conventional approaches to finance • Expand long term financing • Continue and expand current initiatives to improve housing finance system • Mortgage take out funds recycled to MOC(H), for continued financing 	<ul style="list-style-type: none"> • Make more loans available for urban upgrading • Introduce and test a comprehensive Urban Upgrading project • Support programmes and initiatives that expand availability of home improvement 	<ul style="list-style-type: none"> • Develop affordable solutions • Increase access to credit • Improve security of tenure • Improve title process • Expand the role of BRI • Encourage self help home construction in the informal sector 	<ul style="list-style-type: none"> • Undertake study of Rent Restriction Act • Review Development control mechanisms • Provide "take out" guarantees, mortgage insurance and risk sharing • Encourage NGOs (Credit Unions, Sponsor groups etc.) to participate • Improve Project Management Process • Promote non-conventional training • Make more loans available to private developers and finance institutions
Medium Term	<ul style="list-style-type: none"> • Consider establishing NHT voluntary savings programme 	<ul style="list-style-type: none"> • Provide incentives to commercial banks 	<ul style="list-style-type: none"> • Land Development policy for Jamaica 	<ul style="list-style-type: none"> • Develop and adopt standards for indigenous building materials
Long Term	<ul style="list-style-type: none"> • Expand NHT into National Housing Bank • Provide more funds for NHTB 		<ul style="list-style-type: none"> • Develop cadastral map for Jamaica 	

EXAMPLE PROGRAMME AND PROJECTS

Shelter Programme

In order to achieve the strategies outlined in the preceding sections, programme and project efforts will be directed at the target groups households with income levels below the median.

With the exception of settlement upgrading schemes most previous solutions offered to date have been too costly. For example, starter homes are now out of the reach of the target group. In addition, technical and engineering standards have often been too high with the result that the majority of the population have been unable to afford the solutions offered to them.

As a result there has been re-appraisal of the 1982 housing policy, a re-orientation of government's shelter programme, and a major re-ordering of priorities. The shelter programme for the coming decade aims at new construction as well as the upgrading of existing shelter and related services.

A range of options are therefore being offered in the programme which will enable the beneficiary to take a decision in terms of his willingness and ability to pay. The financial provision for the programme assumes an average cost of J\$5,000 for a home improvement loan, ranging to J\$36,000 for a core (unfinished unit) house.

The new programme strategy takes into account the issues of affordability and the need for upgrading housing units, as well as sites and services. The shelter strategy will also significantly change the direction of public sector housing investment. Basically, it recognizes that housing investment must be geared towards the provision of infrastructure, and in order to facilitate investment by households, must take into account the requirements of land, finance, skills, training and technical advice. In this manner, the programmes hope to activate a broad based process of community participation and self help. The major programme components are as follows:-

- (1) **Promote Land and Home Ownership**
 - Access to land ownership or long term, secure lease in the development of new sites
 - Legislation of ownership in the case of settlement upgrading projects
 - Optimal use of land in urban renewal projects.
- (2) **Provision of Infrastructure**
 - Provision and improvement of physical infrastructure (roads and pathways, water supply and drainage, refuse disposal, electricity supply, appropriate sewage disposal, etc.)
 - Construction of communal facilities
 - Improvement of education and health facilities
- (3) **Technical Components**
 - Development of appropriate types of building standards and settlement layouts
 - Advisory services for self-help construction measures
 - Introduction of local building materials through advisory services and credits
 - Establishing small-scale building and building materials firms with high labour content.
- (4) **Organizational Components**
 - Creation and/or strengthening of community organizations
 - Creation and/or strengthening of institutions dealing with shelter provision at the grass-root level
 - Dissemination of specialized know-how, particularly concerning suitable building methods and materials
 - Advice and co-operation in regard to land use and settlement planning and the establishment of land registers.
- (5) **Economic Components**
 - Provision of loans for housing construction and improvement
 - Establishment of workshops and small production and services enterprises backed by training programmes
 - Provision of loans for small businesses in the construction sector.
- (6) **Public/Private Sector Complementarity**
 - Government to give high priority to collaboration with private finance institutions and 'turn key' developers as well as to the support of NGOs and CBOs. The latter would be in areas such as organizational aspects; access to land and related infrastructure; financing and cost recovery; acquisition of materials, tools and equipment; building construction, etc.

Example Projects:

Government will pursue a number of projects and sub-programmes within the overall programme strategy. Each of the above group of components will be combined and integrated, with variations of emphasis, depending on location and type of project.

The major projects and sub-programmes to be developed by Government are as follows:-

(1) Secondary Towns Sub-programme

Under this sub-programme emphasis will be placed on Jamaica's secondary towns which have been subject to severe urbanization pressures. Towns to be included in the first phase of the sub-programme are Montego Bay, Spanish Town and Ocho Rios.

Montego Bay and Ocho Rios are towns which have been experiencing increasing population growth because of the expanding tourist industry. The growth of the manufacturing sector and migration of population out of the KMA has accounted for Spanish Town's growth.

The sub-programme will contain three major projects:--

- (i) **Servicing semi-urban neighbourhoods**
Located in the urban periphery of Montego Bay are a number of unserviced, semi-urban neighbourhoods (e.g. Rose Heights, Kerr Jarrett Lands, Norwood, Canterbury) seen as a blend of both rural and urban conditions. These communities are partly dependent on urban employment sources besides employment on nearby agricultural holdings. Programme components include increased community strength and improved participatory base as well as provision and improvement of basic infrastructure, amenities, and housing conditions; employment generation and social promotion activities will also be incorporated.
- (ii) **Urban Settlement Upgrading**
Jones Pen and Tawes Pen in Spanish Town are extremely dense shanty settlements. Land development and regularization of plot holdings with security of tenure, provision of infrastructure and amenities, assistance for house improvement, core housing on individual sites, social promotion activities and rehabilitation services form the major components of this project. NGO programmes for community organization and development will also be included.
- (iii) **Sites and Services Schemes**
The project characterises the delivery of land and basic services along with options of housing loans to urban low income communities, especially to squatters from non/un-upgradable areas and those looking for low cost shelter options. The incremental process of housing and progressive development of the community with the necessary organization at the project level will be key considerations in the project.

With the sites and services project Government will encourage private sector participation and greater public/private sector complementarity. Sites and services schemes will also be used as the mode through which the self help resources of the poor, as manifested in the informal construction process, can be mobilized in a planned and sanitary fashion.

Within sites and services schemes a range of options will be available to beneficiaries including loans for materials, tools, home construction or improvement loans.

(2) KMA Sub-Programme

The two major projects to be developed in the KMA sub-programme are:--

- (i) Inner City development; and
 - (ii) Settlement upgrading.
- (i) **Inner City Development**
The inner city development project is conceived as an extension of the present Kingston Restoration Project (KRP). Overall the project aims to make use of the inherent value of existing stock and infrastructure in older urban areas, to encourage a variety of private initiatives from home improvement to simple maintenance and to maximise the involvement of NGOs, CBOs and sponsor groups (social service groups, the churches etc.).

Derelict areas of the inner city characterised by mixed land uses, property abandonment and deteriorating social conditions will be selected for comprehensive urban improvement. Primary areas of intervention include the following:--

- squatter upgrading
- sites and services on large areas of vacant land, usually government-owned
- core housing and starter homes on small vacant lots, usually privately owned
- elderly housing.

Other important areas of intervention include improvements to poorly distributed and derelict amenities, regularization of ownership, environmental improvements, assistance for home improvements, employment generation and skill development activities.

Private developers will be encouraged to prepare schemes for low-income families under MOC (H), UDC and KRC guidelines. Developers will qualify for low interest construction finance and for mortgages under the US AID HG private sector loan if they meet the low income affordability criteria.

An important aspect of the project is the programme approach to be adopted i.e., all elements of the project will not be considered at the same time. While a comprehensive programme will be prepared for the areas selected for upgrading, all aspects will not be started at the same time. Rather, specific elements will be completed before moving on to other elements of the project. As discussed under land strategies, where land values are high in the KMA, part of the land will be used for low rise construction and the remainder used for alternatives commensurate with the value of the land.

(ii) Settlement Upgrading

This represents a continuation of ongoing upgrading of urban and peri urban squatter communities. Additional options will include home improvement loans, core housing on individual sites and serviced lots.

(3) Rural Sub-Programme

The rural sub-programme consists of the following major elements:--

- (i) provision of starter homes and core houses on individual sites. This will represent an expansion of the current Build on Own Land programme, where people owning land will be eligible for home construction loans.
- (ii) sites and services schemes with minimal infrastructure in rural towns selected under the Comprehensive Rural Township Development Programme. An important component of the project will be the land strategy previously discussed.
- (iii) home improvement loans for expansion and upgrading of the existing housing stock.

THE ADMINISTRATIVE STRUCTURE

The demands that will be required of the administrative system during the post 1987 period will be of a radically different character from what was required of the system in the pre 1987 period. There will be need for the Ministry, its project managers and related organizations in the shelter sector, to perform broader co-ordination and outreach functions emanating from the new strategies and programmes.

This does not mean that organizations, especially the Ministry, need undertake a massive expansion of staff. What is required is a re-orientation of outlook in terms of shelter. For example, greater emphasis will have to be placed on community development and a number of support programmes (e.g., training of the trainers) put in place to ensure that the Ministry and related organizations can perform their roles. While it is expected that the NGOs and CBOs can play a greater role than in the past, the capacity of these organizations to take on a large share of the community development component is limited. It is expected that these organizations will develop selected projects and/or mechanisms in collaboration with public and private sector institutions to serve very low-income families.

In addition, the public sector will have to work in closer collaboration with the private sector. For example, starter home schemes can be submitted to private finance institutions for mortgage financing. Commercial banks (given certain incentives) can become more involved in house construction and home improvement loans. Credit unions can act as sponsors of starter homes, sites and services projects as well as the provider of home construction and home improvement loans.

Thus it is envisioned that the public sector, mainly through the MOC (H), will evolve into a co-ordinator and facilitator of the provision of shelter services, a substantial portion of which will be through private sector institutions, NGOs and CBOs.

In order to perform its new role MOC (H) will have to undertake a re-orientation of its outlook. As a forerunner to this, the Ministry is presently examining the manner in which its functions are performed as part of a management restructuring exercise. The new organizational structure and functions of MOC (H) must therefore reflect the new policy initiatives to be undertaken by Government.

The latter is particularly critical in two areas, viz. technical standards and community development. It is within these areas that MOC (H) will be increasingly called upon to play a lead role. In the technical areas the Ministry and its project managers will have to play a critical role in terms of programme management and technical assistance, while in the community development area, strong emphasis will have to be placed on upgrading the skills of the Ministry's community development staff.

PROJECT ORGANIZATION: AN ASSESSMENT

The following is a critical assessment of the approach adopted by the Government of Jamaica in the preparation of the National Shelter Strategy. At the Ninth Session of the Commission of Human Settlements (UNCHS), Jamaica offered to examine the problems of shelter facing the poor and prepare a National Shelter Sector Strategy for presentation at the Tenth Session of UNCHS.

Assistance for preparation of the Shelter Strategy came from US AID in the amount of US\$40,000 for the development of a Housing Needs Assessment. UNCHS (Habitat) provided US\$35,000 to the Government of Jamaica for undertaking several market demand analyses and the final preparation of the overall Shelter Sector Strategy.

It is hoped that the guidelines and assessment which follow will assist countries about to embark upon the preparation of shelter strategies.

Steps in Project Organization

The following which gives details on steps in Project Organization is summarised in Figure C.

1. **Selection of Sponsoring Agency.** The Ministry of Construction (Housing) named as Focal Point for IYSH and also the Ministry responsible for shelter policy assumed the co ordinating role for IYSH.
2. **Identify the Problem.** As part of the IYSH activities, the Ministry decided that there was need to examine existing policies regarding shelter. In 1982, a National Housing Policy was established. However, as a result of reduced resource flows and escalating costs it became increasingly difficult to meet targets and affordability criteria. It was decided that an in-depth look at the situation was required with a view to developing new shelter policies.
3. **Constitute a group responsible for preparation of shelter policies.** In March, 1986 a Steering Committee chaired by the Minister of Construction and consisting of representatives from the public and private sectors, professional groups and NGOs working among the homeless was established to guide the activities of IYSH. The terms of Reference of the Steering Committee were to examine existing shelter policies and make recommendations for any change in policy.

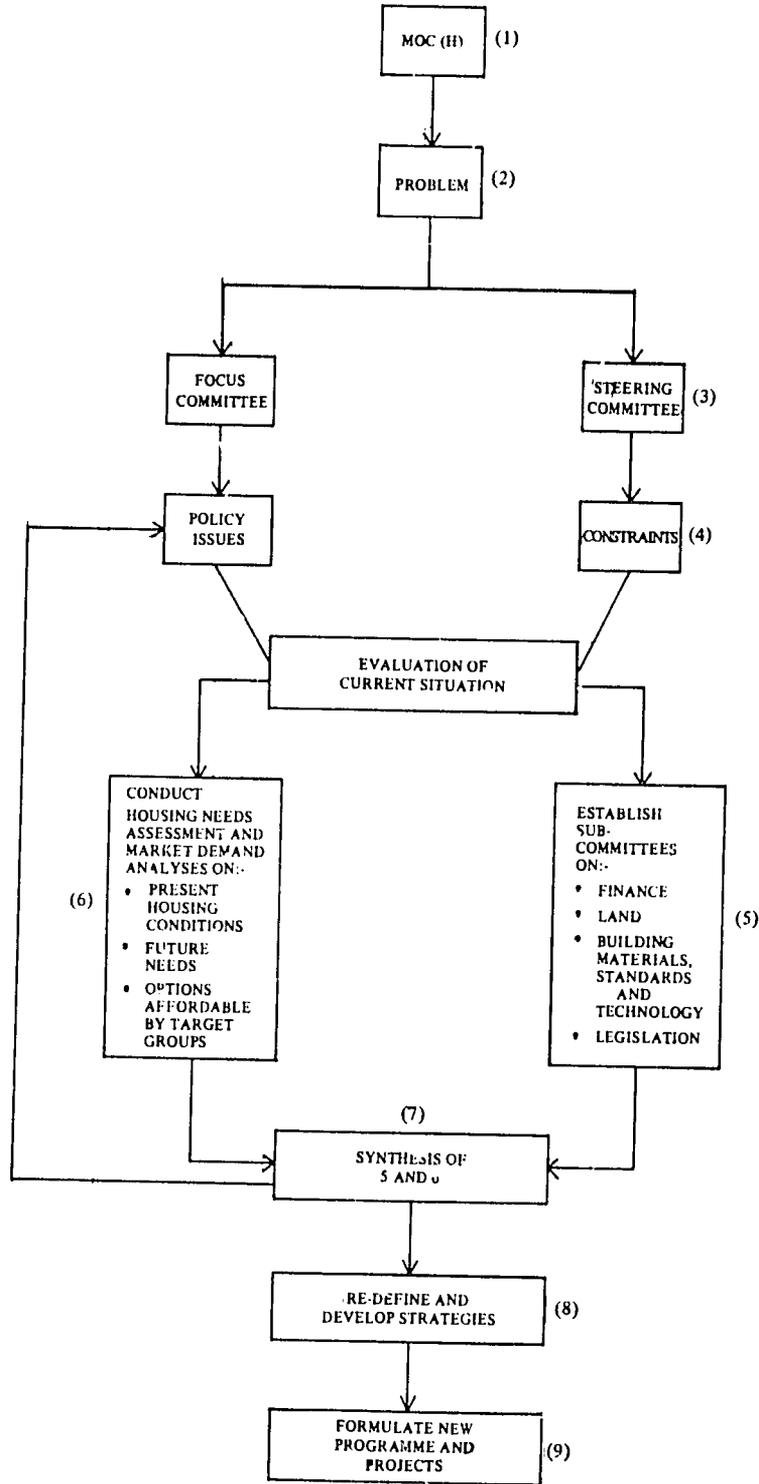
A Focus Committee to make the detailed recommendations was also established (See 5).

4. **Policy Issues.** Based on a report prepared for the IYSH Steering Committee on the current situation, the working methods of the Steering Committee were established. It was decided to divide the Steering Committee into sub-committees to study a number of issues critical to the provision of shelter for the poor.
5. **Establish Sub-Committees.** Four sub-committees were established to study and report back to the Steering Committee on the following issues.
 - Finance
 - Access to Land
 - Building Materials, Standards and Technology
 - Legislation.

A Publicity and Information sub-committee was also established for preparation of an information programme related to the National Shelter Sector Strategy and other IYSH activities. It was subsequently decided that in addition to the on-going work of the sub-committees, there was a need to broaden the scope of work and conduct a housing needs assessment of Jamaica. At this time also, a Focus Committee was established. The role of the Focus Committee was to review and manage all activity related to the preparation of the shelter strategy and report to the Steering Committee. The Focus Committee was made up of a small group of key personnel from the Steering Committee.

6. **Conduct Housing Needs Assessment and Market Demand Analyses.** US AID provided assistance for local and foreign consultants to undertake the preparation of a housing needs assessment for Jamaica. The assessment identified existing conditions and global needs, including investment to the year 2006. In order to assess the preferences and afford-

**FIGURE C
PROJECT ORGANIZATION**



ability of the target population, a market demand survey was undertaken. The questionnaire was designed locally and the survey was administered by the Urban Development Corporation. Processing of questionnaires was done by UDC. A number of in-depth case studies was also conducted by the UDC based on a locally designed survey instrument.

- 7, 8 & 9 **Synthesis and Development of Shelter Strategy.** This process involved matching required resources called for in the HNA with those available and the preferences and affordability of the target group. Out of this process it was possible to determine that changes had to be made to existing programmes, solutions with lower standards offered, a New Shelter Sector Strategy developed, and the formulation of a new programme in keeping with the objectives outlined in the Strategy. This was undertaken by the Ministry of Construction (Housing).

Assessment of Approach

Overall the exercise has been a useful one and the approach adopted worked with a certain amount of success. There were, however, a number of areas which did not operate as was originally intended.

The establishment of a Steering Committee with a wide cross section of the public and private sectors, NGOs and professional group is very important. However, the detailed work of project formulation and recommendations must be entrusted to a smaller group, the Focus Committee.

This group of key people must contain officials from the sponsoring agency (MOC (H)) who will ensure that the work and recommendations of the Committee are relayed to the Steering Committee and the policy makers. This group must also consist of technical personnel who are able to participate full time in the work of the committee and carry out the necessary work required to prepare the strategy.

The latter is seen as necessary as sub-committees are made up of individuals who often do not have the time or the resources to undertake the required work programme. The sub-committees were not as successful as was intended. An alternative to this approach would have been to provide Ministry personnel as Technical Secretaries to all the sub-committees, while maintaining a wide cross-section of representation.

Although the exercise began in March, 1986, and the period allocated for completion was sufficient, the time available for review was limited. This was due to lengthy delays in the completion of sub-committee reports, and the late start of the HNA (October, 1986) and the market surveys (January, 1987). The latter was a result of a change in the scope of the project. The selection of consultants to carry out Phase I (HNA) and the start-up of the exercise contracted the period available to complete Phase II.

The HNA also suffered from a critical lack of data. Data on the housing sector were not easily available from the 1982 census. Cross tabulations required as inputs into the HNA model had to be specially requested from the Statistical Institute of Jamaica. However, census data were still not available to provide a housing quality index, with the result that the model had to use proxy measures. In addition, the HNA could not provide information on people's affordability and preferences, hence several market demand surveys were necessary.

The market demand analyses provided a great deal of data on the current housing situation in four different geographic locations. Ideally, the market demand analyses should have been conducted islandwide. However, there were time and resource constraints, as the design and testing of the questionnaire began before Habitat's input. In addition, the resources to conduct an islandwide survey were not available. In the circumstances, the selection of areas for the market studies is critical.

Finally, the selection of personnel to carry out the project is important. As much use as possible should be made of local professionals within the public sector. Foreign and local consultants should only be hired for those activities which the sponsoring agency or committees cannot provide. In selecting consultants the overriding concern must be in-depth knowledge of the sector.

PART II

CURRENT SHELTER SITUATION AND FUTURE NEEDS

Part Two of the report presents the housing need assessment of the nation. Chapter 1 examines the current housing situation, based on data from the 1982 Population Census. The analysis points to deficiencies in the data, particularly the difficulty in determining permanent and semi-permanent stock and also overcrowding, key factors in determining upgrading needs of the nation.

Chapter 2 describes the magnitude of future housing needs in Jamaica, using forecasts generated by a Housing Needs Assessment Model and the implications of these alternative planning scenarios for meeting housing needs by the year 2006. The projections do not differ significantly from those which have been made by the Ministry of Construction (Housing) and other agencies which have studied future housing demand in Jamaica. The methodology adopted, however, is somewhat different. The projections for new housing are based on estimates of net family formation. This is likely to be more reliable as a basis for estimating new housing needs than what has been frequently used for preparing such estimates. The projections also take account of relevant variables such as sharing of houses, renovations and upgrading, all of which have an impact on the estimates of replacement, as well as the demand for new housing and the resource needs of the housing sector. These projections are subsequently examined in relation to requirements and availability of financial resources in Chapter VII.

CHAPTER I

HOUSING CONDITIONS AND SHELTER NEEDS

Growth of Housing Stock and Population

According to the Census of Population and Housing, by June 1982 the total occupied housing stock was over 505,155 units. The population of the country was 2.2 million, implying a ratio of population to occupied housing of about 4.2 persons. During the intercensal period 1970 to 1982, the occupied housing stock had grown faster than the population, at an average annual rate of 1.6%, compared with a rate of 1.4% respectively. This resulted in the average occupancy rate decreasing from 4.3 persons in 1970 to 4.2 persons in 1982. During the intercensal period 1960 to 1970, the population had grown faster relating to one and two-room dwellings; in other words, in rural areas, 46.0 per cent of dwellings had either one or two rooms; the corresponding figure for Kingston being 61.1 per cent. (Table 1.1)

Selected Aspects of Shelter

In this section, the salient information currently available regarding Jamaica's households and their housing circumstances are reviewed. The characteristics of the stock, size, materials used, amenities, tenure of housing stock and multi-household occupancy are reviewed. Finally an inventory of Jamaica's current housing deficit is provided.

Number of Rooms

A significantly larger proportion of households was accommodated in one-room dwellings in Kingston than in the rural areas, 39.6 per cent compared with 23.4 per cent. The differentials are not as wide, however, in terms of the cumulative percentages relating to one- and two-room dwellings; in other words, in rural areas, 46.0 per cent of dwellings had either one or two rooms, the corresponding figure for Kingston being 61.1 per cent. (Table 1.1)

TABLE 1.1

DISTRIBUTION OF THE OCCUPIED HOUSING STOCK BY NUMBER OF ROOMS AND SECTOR 1982

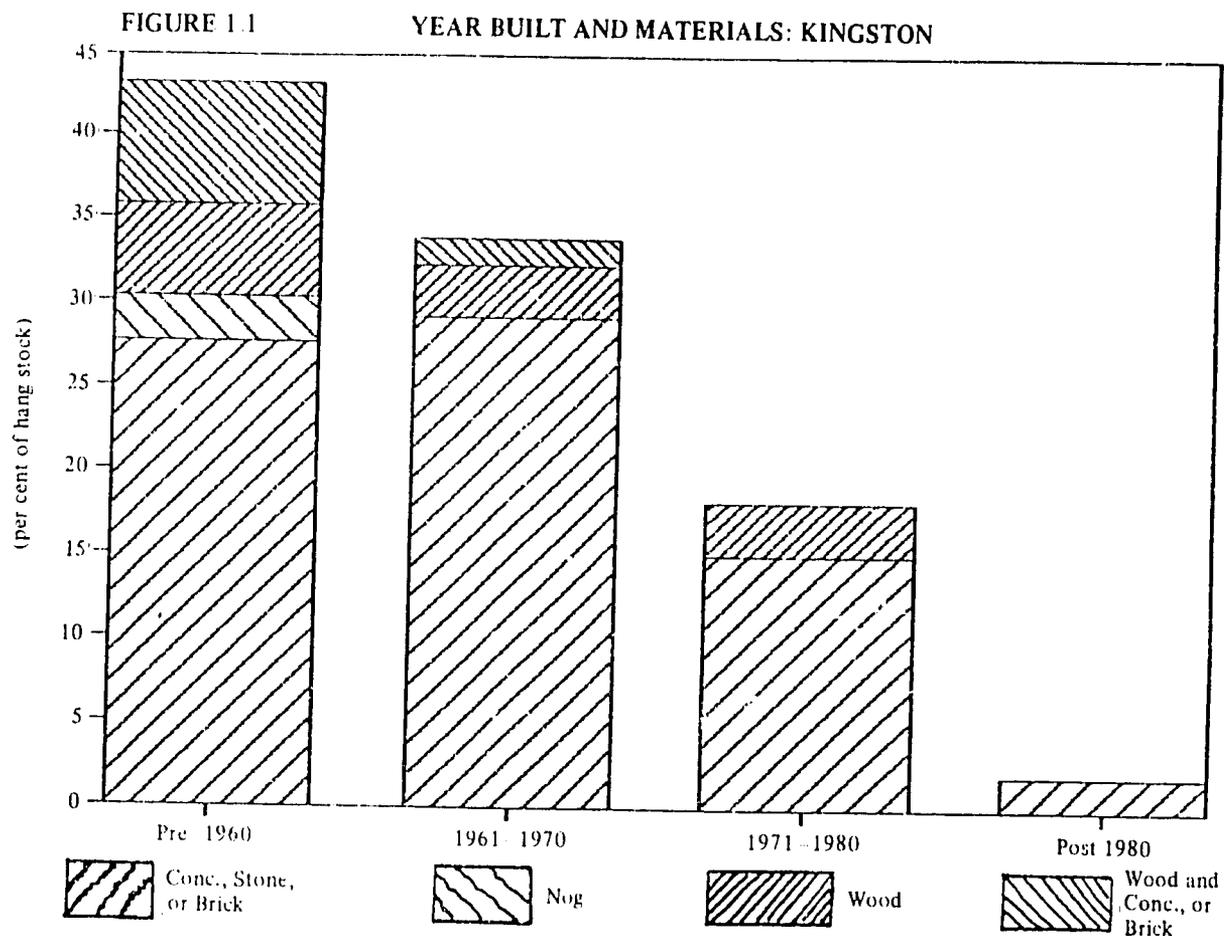
NUMBER OF ROOMS	PERCENTAGES	
	Kingston	Other Areas
1	39.6	23.4
2	21.5	22.6
3	11.0	19.8
4	4.3	10.8
5 or more	4.0	11.5

Source: Statistical Institute of Jamaica – 1982 Census:

Materials of Construction

Figures 1.1 to 1.3 illustrate the housing stock of Kingston, other urban centres and rural areas in terms of age of construction and construction materials.² The vast majority of dwelling units are constructed of concrete, stone or brick. Most were built before 1970, although the housing stock in other urban centres includes a large number of units built during the 1970s. Nog, and wattle and daub houses represent only a small share of the total housing stock, particularly among newer units in the case of urban centres. Most wattle and daub units are found in rural areas and were built before 1960. The majority of recently built housing units are made of concrete, stone or brick, with a significant minority constructed of wood.

Data from the census give no indication of structural classification and therefore it is difficult to determine what is permanent and semi-permanent stock. It is generally agreed that it is not possible to determine the condition of a structure from data on labour of participating households. Under scenario one, the public sector produces and sells starterhome units on fully



² Special tabulations of the 1982 Census data prepared by the Statistical Institute of Jamaica.

FIGURE 1.2

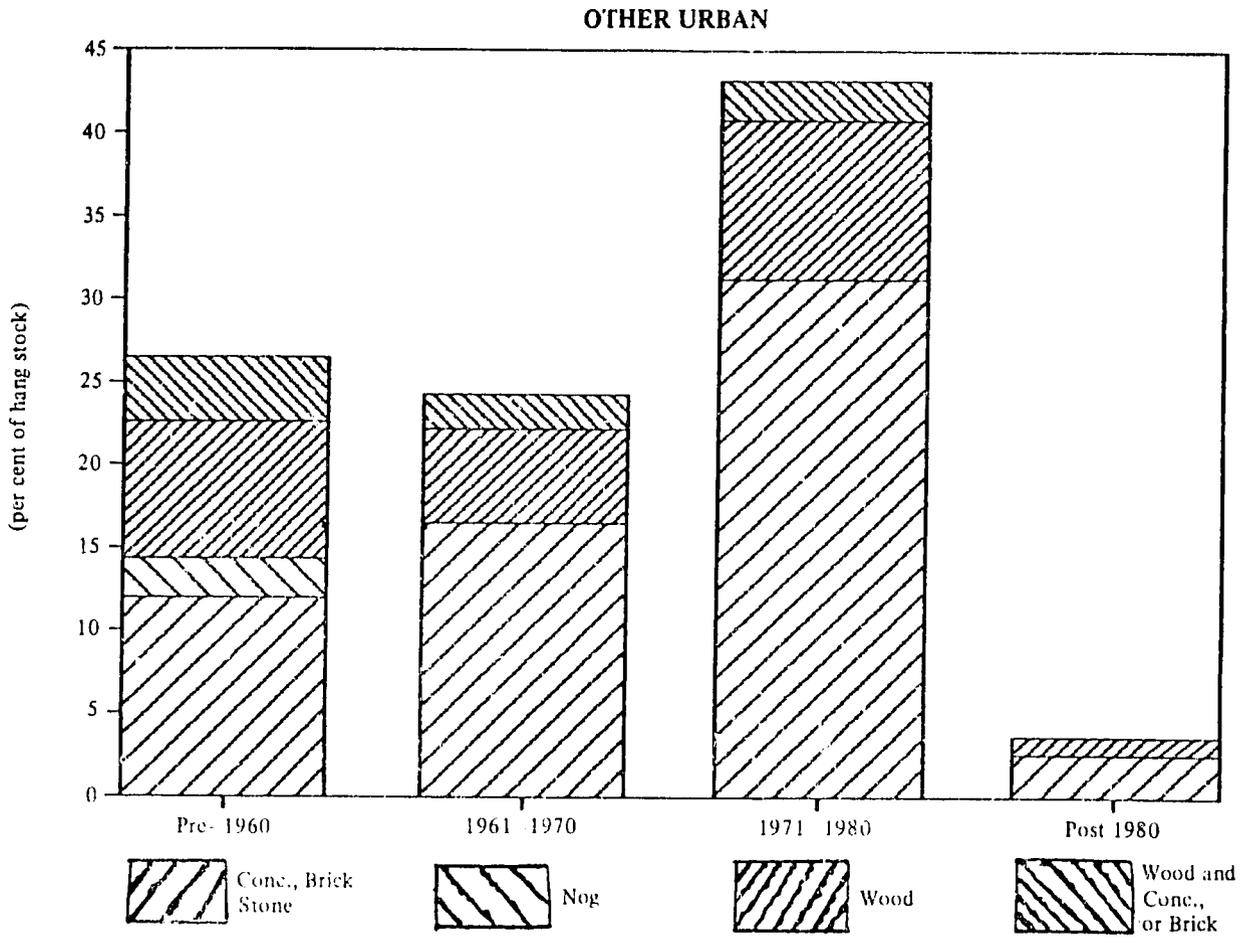
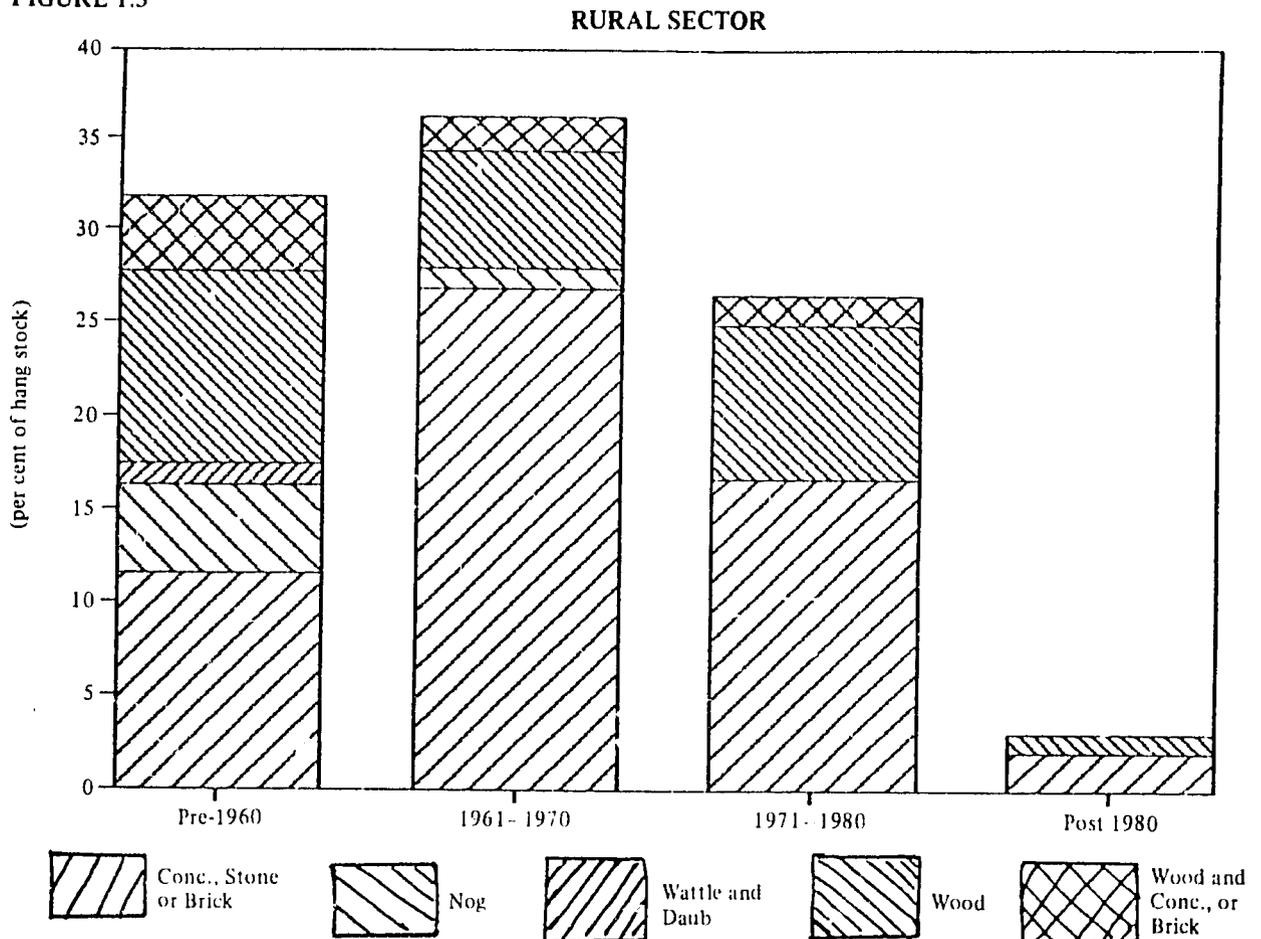


FIGURE 1.3



It has therefore not been possible to construct an index of housing quality, but estimates have been derived which suggest that approximately 5 per cent of Jamaica's housing stock is in such bad condition that it cannot reasonably be renovated. It has been estimated that the evidence of such "non-upgradable" housing is highest in the Kingston Metropolitan Area (KMA) (8 per cent), and lower in other urban centres (4 per cent), and in rural areas (3 per cent). The remainder of Jamaica's housing stock is either in acceptable condition or could reasonably be renovated to a fully acceptable condition.

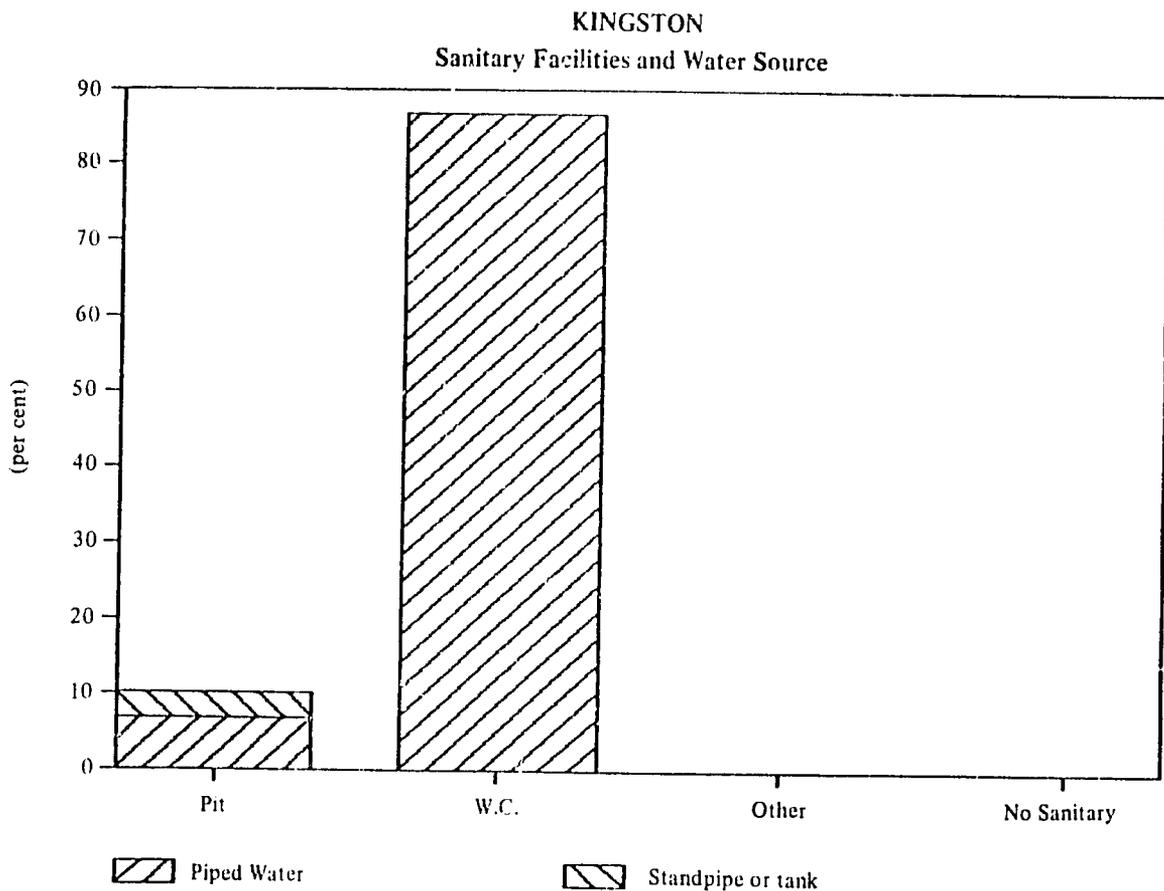
Amenities

One important indication of the condition of the remainder of the housing stock is the adequacy of water and sanitary services. Figures 1.4 to 1.6 present distributions of households by type of sanitary facilities and source of water.^{1/} In the KMA, almost all households (87 per cent) enjoy both piped water and toilet facilities. Only about 10 per cent have pit latrines, less than 1 per cent lack any sanitary facilities. In other urban centres, water and sanitary services are considerably less widely available. Slightly less than half (46 per cent) of all households enjoy both piped water and toilet facilities. Almost half use pit latrines and about 20 per cent obtain water from catchment, standpipes, tanks or other sources. Not surprisingly, rural households receive the lowest levels of infrastructure services. Eighty per cent of these households use pit latrines, and only about a third enjoy piped water.

Tenure of Housing Stock

The vast majority of dwelling units in Jamaica (approximately 85 per cent) are single-family detached houses, fewer than 5 per cent are units in apartment buildings. About half of all households (47 per cent) own the dwellings they live in while about one-third rent from private landlords (31.1 per cent), 8.2 per cent occupy their units rent-free.

FIGURE 1.4



^{1/} Special tabulations of 1982 Census data prepared by the Statistical Institute of Jamaica.

FIGURE 1.5

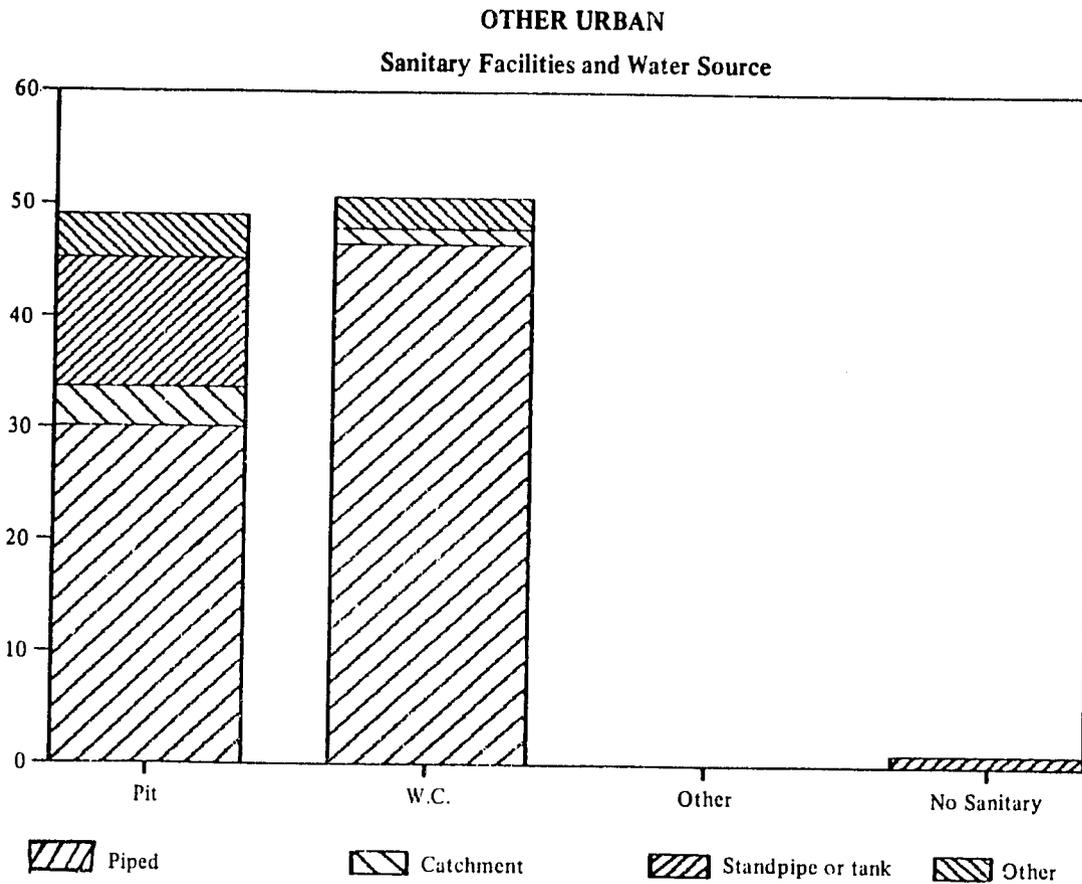
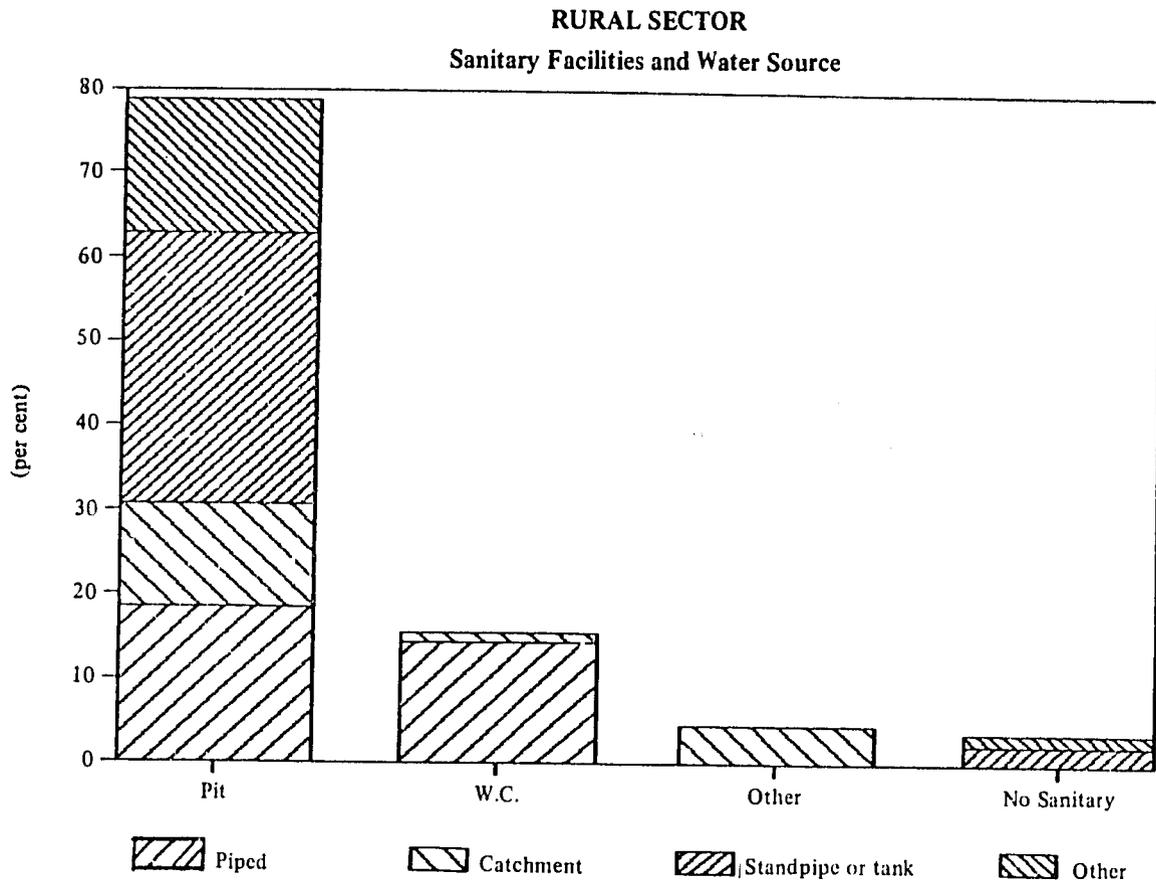


FIGURE 1.6



According to the 1970 census, 52.4 per cent of dwellings were owner-occupied while 36.5 per cent rented from private landlords and 7.9 per cent occupied their units rent-free. The number of owner-occupied units therefore declined slightly during the intercensal period while the number of persons living rent-free increased.

Multi-household Occupancy

The 1982 Population Census defines a household as a group of people who share accommodation and who generally eat together. Thus, a household might consist of a nuclear family along with extended family members, but it might also include non-family members who contribute to the family's economic well-being. According to the Census definition, most dwellings (98 per cent in urban areas and 99 per cent in rural areas) are occupied by only one household. However, these households tend to be quite large, as illustrated in Table 1.2.

TABLE 1.2
Distribution of Households by Size 1982

	PERCENTAGES		
	Kingston	Other Urban	Rural
1 Person	26.46	18.68	19.24
2 People	17.24	51.91	14.28
3- 4 People	27.23	28.90	24.52
5- 7 People	20.85	26.00	26.17
8-11 People	6.94	8.87	13.08
12+ People	1.27	1.64	2.71
Average	3.83	4.37	4.38

Source: Statistical Institute of Jamaica 1982 Census

The average household size for the nation as a whole is 4.2 persons, with a sizeable minority of very large households. In the KMA, 8 per cent of households have more than seven members, while in other urban centres and rural areas, 11 per cent and 16 per cent of households respectively are composed of eight or more members.

In the Kingston Metropolitan Area, the proportion of households to dwellings was larger than in the rural or other urban sectors. In 1982, households exceeded dwellings by almost three per cent.^{1/} For the nation as a whole, there were about 9.4 thousand more households than dwellings (Table 1.3).

TABLE 1.3
Incidence of Doubling-Up

Sector	Total Dwellings (^{'000})	Total Households (^{'000})	Difference (^{'000}) (%)	
Kingston Metro-Area	190.4	195.7	5.3	2.8
Other Urban	92.8	94.4	1.6	1.7
Rural	260.6	263.2	2.6	1.0
Total	543.8	553.3	9.5	1.7

Derived from 1982 Population Census

Estimating Upgrading of the Stock

The census reports for the years 1970 and 1982 provide information about the size and composition of the housing stock for those two years. Comparison of the two stocks and their associated characteristics indicate the changes that occurred during this period. The changes are the outcome of a complex process of housing activity. The numerical increase in the stock is the result of the net effect of new construction and losses to the stock owing to demolition. The characteristics of the stock in terms of structural features and associated amenities change as a result of new construction, upgrading and improvement, while units are also withdrawn from the stock.

^{1/} Derived from 1982 Census by HNA model.

Table 1.4 gives an indication of Jamaica's current housing deficit. The volume of upgrading estimated refers to improvement related to the materials of the structure. Requirements are 8 per cent in the KMA, 4 per cent in other urban centres and 3 per cent in rural areas.

In addition to structural quality, two other indices, quality of amenities and the quality of housing space, give some indication of housing quality characteristics and upgrading requirements.

Piped water supply and toilet facilities make up the second group of indices used in determining housing backlog. It may not be feasible in the immediate future to extend piped water and indoor sanitary facilities to all households in both urban and rural areas, and, given the low densities of rural development, properly designed pit latrines and standpipes may provide safe and accessible services to rural households. Therefore, the HNA model has assumed that the target for the next twenty years is to provide piped water in the dwelling unit for urban households, and piped water on the lot (or in the dwelling) for rural households.

As indicated earlier, the adequacy of infrastructure services may provide as good an indication as any of the quality of a dwelling unit. While data from the 1982 census do not give information on the condition of housing units, it has been assumed that 75 per cent of units with acceptable water and sanitary services provide acceptable and reasonably permanent shelter.

The third index relates to space and the excess of households over dwelling units gives some indication of overcrowding. The three components: structure, amenities and space, are used to determine Jamaica's current housing deficit. Table 1.4 indicates that as of 1986, Jamaica needs to build approximately 9,400 dwellings to eliminate overcrowding and 26,800 dwellings to replace units that are non-upgradable. In addition, approximately 194,000 units lack piped water, with the vast majority of these in rural areas. Finally, approximately 274,000 units have adequate infrastructure, but require structural renovations to achieve permanent, fully adequate status.

TABLE 1.4

Housing Deficit 1986

	KMA	Other Urban	Rural	Total
Total Households	195,670	94,387	263,158	553,215
Total Dwellings	190,396	92,809	260,655	543,860
Overcrowding (excess of households over D. Us)	5,274	1,578	2,503	9,355
Non-Upgradable D. Us	15,232	3,712	7,820	26,764
Per cent of Stock	8.0	4.0	3.0	4.9
Adequate & Upgradable D. Us lacking services	9,530	17,634	166,819	193,973
Per cent of Stock	5.0	19.0	64.0	35.7
Upgradable D. Us lacking services or require renovation	51,407	35,267	187,672	274,346
Per cent of Stock	27.0	38.0	72.0	50.4

CHAPTER 2

PROJECTION OF HOUSING NEEDS – 1986 to 2006

Introduction

This chapter presents three projections of the requirements for shelter during the period 1986–2006. They are based on the following set of assumptions of which the first three relate to new construction:

- (i) the replacements to stock considered necessary;
- (ii) the reduction of crowding in the existing stock;
- (iii) demand arising from net family formation, and
- (iv) upgrading of existing upgradable stock.

Based on the assumptions, three alternative scenarios were provided for solutions to Jamaica's housing needs. (Table 2.1). Estimates of the total level of investment required to meet these are discussed later and in Chapter 6. Each scenario is characterised by a target for the year 2006, and the new construction and upgrading solutions that would be deployed to achieve the target.

TABLE 2.1

Alternative Planning Scenarios

	Scenario #1	Scenario #2	Scenario #3
Planning target for the year 2006	All households in permanent dwellings with piped water	All households in permanent dwellings with piped water	All households sheltered on sites with piped water
Public sector house solution	Sale of permanent units on serviced sites; starter homes	Sale of core units on serviced sites	Sale of serviced sites; shelter built by households
Average cost of new unit solution	Urban: \$56,000 Rural: \$56,000	Urban: \$36,000 Rural: \$26,000	Urban: \$16,000 Rural: \$ 7,000
Public sector upgrading solution	Extension of piped water	Extension of piped water	Extension of piped water
Average cost of upgrading solution	Urban: \$11,000 Rural: \$ 7,000	Urban: \$9,000 Rural: \$7,000	Urban: \$7,000 Rural: \$5,000
Cost of private sector new houses	Urban: \$85,700 Rural: \$85,700	Urban: \$85,700 Rural: \$85,700	Urban: \$56,000 Rural: \$56,000

The first two scenarios both aspire to accommodate all Jamaican households in permanent dwellings with piped water by the year 2006. The difference between the two is that the second provides a much smaller structure, relying on the contributed labour of participating households. Under scenario one, the public sector produces and sells starter home units on fully serviced sites, while under scenario two, the public sector sells core units on serviced sites. Under both scenarios one and two,

the private sector's least expensive offering is the J\$85,700 two-bedroom house currently produced through the turn-key programme.

Scenario three establishes a more modest planning target for the year 2006. Rather than attempting to provide permanent dwellings for all households, this scenario focuses on the provision of serviced sites with piped water for all households. Many households will be able to purchase or build permanent units on their serviced sites, but the goal for the year 2006 is simply to meet Jamaica's housing needs through the provision of fully serviced sites.^{1/} Clearly, the cost of serviced sites is considerably lower than the cost of either permanent units or core units. Moreover, this scenario assumes that the private sector can be induced to supply considerably less expensive units than under scenarios one and two -- especially one-bedroom units comparable to today's starter homes.

Assumptions and their implications

Replacement

New units are necessary to replace superannuated stock as well as losses due to demolition. The conventional method of estimating the replacement need is by assuming that a percentage of the stock is superannuated annually.

The volume percentage regarded as due for replacement is then determined annually. The process of replacement, however, may be quite different for the various structural categories which comprise the stock.

Replacement need of permanent stock is at an estimated rate of 1.5 per cent each year -- an average of approximately 5,700 units annually in order to replace adequate units that drop out of the stock (through demolitions, natural disasters and gradual depreciation).

The replacement need for some semi-permanent housing is of a different nature. The possible maintenance and improvement of such structures may be such that a significant proportion of semi-permanent houses get upgraded into permanent ones. The assumption is to replace non-upgradable units by the year 2006 by building enough new units annually to accommodate 5 per cent of the households currently living in non-upgradable dwellings -- 1.3 thousand units annually.

Reduction of Overcrowding

As was previously indicated, the housing stock of 1981 was occupied by an average of 4.2 persons. The total number of households exceeded dwelling units by almost 2 per cent. The percentage was highest in the Kingston Metropolitan Area. The model assumes that overcrowding will be eliminated by the year 2006 by building enough units annually to accommodate 5 per cent of the households that are currently doubled up, 500 units annually.

New Family Formation

One component of housing need is generated by new families. It often accounts for more than half of future needs. It was estimated that in 1986 approximately 2.3 million people lived in Jamaica, and that, by the year 2006, population is projected to reach about 2.9 million, an increase of 1.1 per cent per year.^{1/}

This forecast reflects three key assumptions as follows:--

- (i) the fertility rate will gradually decline from its current level of 3.36 children per woman, reaching replacement level fertility between 1995 and 2000;
- (ii) life expectancies will continue to increase very moderately over the next twenty years; and
- (iii) emigration will decline from about 11,000 annually to about 8,000 annually by 2006.

Table 2.2 indicates that, based on these assumptions, Jamaica's fastest population growth can be expected during the next decade with average annual growth rates of less than one per cent anticipated for the period 1996 to 2006.

Approximately 52 per cent of all Jamaicans live in rural areas, but if recent trends towards urbanization continue, the majority will live in urban areas by the year 2006. The Kingston Metropolitan Region which includes the city of Kingston, urban St. Andrew and the cities of Spanish Town and Portmore is the most urbanized region of the island.

^{1/} Derived from total population in private dwellings, 1982 census and the Planning Institute of Jamaica's 1980-2005 "medium projection" series.

TABLE 2.2

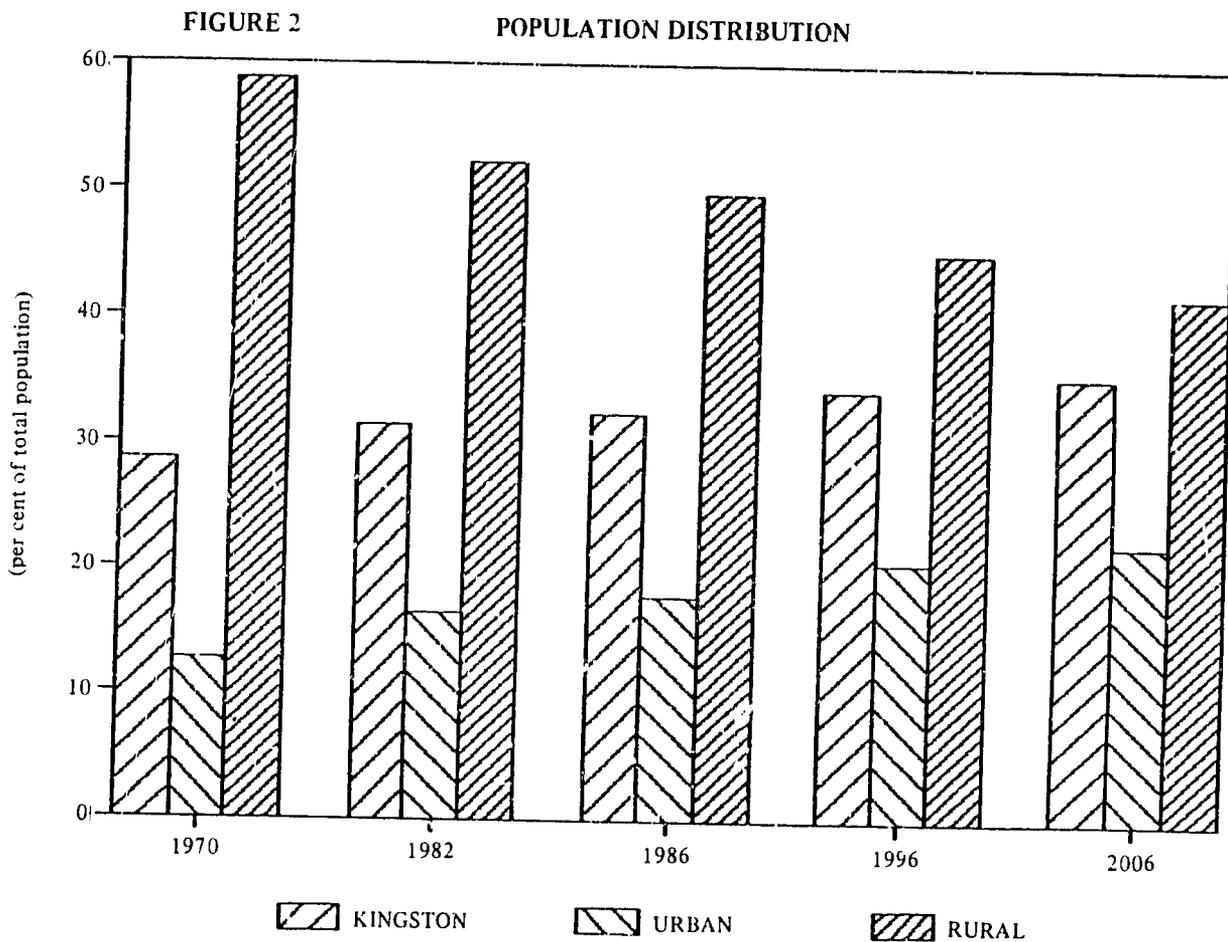
Population Projections 1986 – 2006

Year	Population	Average Annual Growth Rate
1986	2,314,500	1.5%
1991	2,484,800	1.3%
1996	2,642,800	1.0%
2001	2,770,700	1.0%
2006	2,904,100	

While the older parts of Kingston actually lost population in recent years, Spanish Town more than doubled in population during the 1970s and Portmore grew by a factor of approximately 15% between 1970 and 1982.

Figure 2 presents the share of the population likely to be living in the Kingston Metropolitan Region, in other urban centres and in rural areas over the next twenty years, assuming that recent patterns of urbanization are sustained.

New family formation is based on an average household size of 4.2, and as a result of this, approximately 7,000 to 8,000 units are required annually to accommodate population growth and new family formation.



Upgrading

Approximately 9,700 units have to be upgraded annually, in order to provide piped water supply and limited site amenities to all dwellings by the year 2006, thus extending services to 5 per cent of the households currently living in acceptable or upgradable dwellings.

Omitted however, is an important category of upgrading that of improvements to dwellings, that may be excessively small or dilapidated but that have already received piped water. For two reasons improvements of this nature were omitted. First, no data are available on the share of the stock that is unacceptably overcrowded or badly in need of major repairs. Second, current and planned public sector upgrading programmes provide piped water supply, not improvements to existing structures. Given the magnitude of the country's new construction needs, and the share of households lacking basic infrastructure services, it is suggested that the public sector focus on the extension of essential infrastructure rather than on home improvement.

Projection of Housing Needs

Table 2.3 presents annual volumes of new construction and upgrading required by region for the next four years (1987–1991) and for every fifth year until 2006 (1996, 2001, 2006).

TABLE 2.3

Annual New Construction and Upgrading Needs ('000)

YEAR	KINGSTON		OTHER URBAN		RURAL		TOTAL	
	New Units	Upgrades	New Units	Upgrades	New Units	Upgrades	New Units	Upgrades
1987	8.11	0.48	4.35	0.88	3.00	8.30	15.46	9.67
1988	8.17	0.48	4.39	0.88	2.94	8.31	15.50	9.67
1989	8.22	0.48	4.45	0.88	2.89	8.31	15.56	9.67
1990	8.24	0.48	4.52	0.88	2.82	8.31	15.58	9.67
1991	7.86	0.48	4.56	0.88	2.33	8.31	14.75	9.67
1996	7.76	0.48	4.62	0.88	2.78	8.31	15.16	9.67
2001	7.24	0.48	4.62	0.86	3.01	8.31	14.87	9.67
2006	8.30	0.48	4.86	0.88	3.37	8.31	16.63	9.67

Altogether, about 15,500 units of new construction and 9,700 upgrades are required annually to meet Jamaica's housing needs by the year 2006. More than half of all the new units are needed in the KMA, while the vast majority (85 per cent) of upgrades are required by rural households, very few of whom now enjoy piped water.

The greatest differences among the three planning scenarios lies in the levels of investment needed to meet Jamaica's new construction and upgrading requirements and in households' capacity to afford these investment levels. Based on accepted affordability levels, an average household in the highest income quintile cannot afford the private sector's current new construction. Thus, under scenarios one and two, virtually all of Jamaica's households have to rely on public sector solutions. Under scenario three, which assumes that incentives are provided to induce the private sector to build the equivalent of starter homes, only the bottom four income quintiles are reliant on public sector housing solutions.

In Kingston and other urban areas, only the top quintile can afford the public sector's new construction under scenario one, i.e. starter homes.

In rural areas, households in all five quintiles would find this solution unaffordable. Upgrading is considerably more affordable than new construction under scenario one. All but the lowest quintile can support the cost of an upgrade when the capital costs associated with owning and upgrading units (J\$15,000 in urban areas and J\$7,000 in rural areas) are included. Under scenario two, the core unit is affordable for all but the poorest income quintile, and all households can afford to pay for the extension of full water and sanitary services to existing structures. Scenario three offers the greatest levels of affordability. All households can afford a serviced site, and all but the lowest income quintile can support the cost of upgrading an existing unit.

Table 2.4 indicates the implications of these investments and affordability comparisons by presenting the total investment levels implied for each of the three planning scenarios, and the share of each investment bill that Jamaican households can afford themselves. In order to determine these estimates, it was necessary to compute total investment necessary to produce the required number of new units and upgrading. Money to pay for these units can come from a variety of sources. The portion of this total investment that households can support themselves is based on the affordability calculations of the model. For example, a household scheduled for a site and service unit might only be able to afford a mortgage covering half

the cost of that unit. Thus, the investment levels reported in Table 2.4 represent the total value of all new units and upgrades required in a given year, and the required subsidies and the investment levels less the share that is affordable by households (given the maximum mortgage amounts households can support at prevailing interest rates). The issue of future investment requirements is taken up further in Part IV, Chapter 6.

TABLE 2.4

Annual Investment Requirements and Required Subsidies

Year	SCENARIO I (JSM)		SCENARIO II (JSM)		SCENARIO III (JSM)	
	Total Investment	Required Subsidy	Total Investment	Required Subsidy	Total Investment	Required Subsidy
1987	1012.04	279.38	803.16	64.69	722.61	0
1988	1009.32	284.21	797.41	66.58	715.16	0
1989	1012.61	285.77	799.83	67.34	716.88	0
1990	1014.99	284.03	803.80	67.21	720.94	0
1991	1009.94	284.59	792.66	67.31	716.84	0
1996	1045.93	300.11	816.80	70.99	746.55	0
2001	1056.56	266.20	851.45	61.09	799.63	0
2006	1193.86	261.80	988.45	56.49	945.19	0

Key Issues and Implications

The projections deal with changes in the composition of the housing stock and improvements in quality, and estimate the volume of new construction required in terms of units. The projections also estimate the volume of investment required to satisfy future shelter needs.

To some extent, the projections also reflect the process of capital formation in housing, where improvements, extensions and other changes in shelter substitute for the construction of new units. This is implicit in the assumptions made regarding replacements, reduction of overcrowding and sharing of households.

However, any change in the assumptions relating to the main variables can significantly alter the estimates of housing needs. Some of the variables, such as upgrading needs both in terms of structure and amenities, do not provide firm estimates. With additional information on these aspects, the methodology can be used further and alternative estimates based on varying assumptions can be more reliably determined.

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CHAPTER II

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PART III

SHELTER DEMAND STUDY

There is a large volume of data available on the characteristics of the housing stock, both at the national and sectoral level. They are based on the Census of Population and Housing, 1982, the Labour Force Surveys 1986 and the Household Expenditure Survey 1984. Being national surveys designed for purposes not specifically related to issues in housing, these do not provide information on key aspects of housing such as household behaviour in regard to investment in housing, the preferences and aspirations concerning housing, and the prevailing degree of mobility. In order to obtain information on people's preferences and affordability and other aspects such as size and quality of housing in relation to tenure systems, preferences concerning location, design and size, and the adjustments made by households in dealing with their current housing situation and its problems, a number of market demand analyses were undertaken.

The analysis of the survey is presented in two parts. Chapter 3 briefly describes the methodology and sampling design together with the broad scope of the survey. Chapter 4 presents the findings of the survey as they relate to the shelter aspirations of different groups, concerning size, design, amenities and location. It also deals with affordability and mobilization of resources for shelter, the repayment mechanisms of householders, the levels of savings, and future aspirations for shelter. This part of the survey therefore throws light on the various patterns of demand for shelter. Information on the socio-economic profile of households and quality of shelter, including availability of water, electricity, roads, garbage collection etc., is also presented here. This information will be used to supplement data on housing quality available from the census.

CHAPTER 3

SCOPE AND METHODOLOGY

The market demand survey was based on different typologies of low-income households in locations with varying socio-economic characteristics. It used a purposively selected sample designed for operational and economic feasibility. The survey should be regarded as shelter studies of various kinds of low-income communities in selected locations of the country. The findings, therefore, relate to specific communities and areas, and cannot be compared with the national or sectoral aggregates obtained from the 1982 Census of Population and Housing. However, findings of the survey do provide a very important indicative base for planning in the sector.

The locations were selected to be representative of the main population sectors of the country, based on previous research experience in the field. Table 3.1 details the areas covered and sample size in the survey.

A rural area, Negril, was surveyed to complement the urban low-income areas and provide information regarding problems in rural areas that are not readily available in national surveys.

The stratification in the sample was expected to bring out significant differences in the pattern of housing expectations and responses to shelter needs as between households in the KMA, other urban and peri-urban areas, and between central slums and squatter communities.

The field survey was carried out using the interview method with a structured questionnaire. The questionnaire was divided into two parts. Part A elicited information on whether people were satisfied with their present shelter situation or wanted to move, what people's preferred shelter solutions would be, how much people would be willing to pay for these solutions and how people would finance these changes. Part A of the questionnaire was administered to any adult member of the household who was dissatisfied with his present housing situation.

TABLE 3.1**Sample Size by Location**

Locations	No. of Respondents
Urban -- Kingston Metropolitan Area (KMA)	
1. Central Kingston -- Urban slum	645
2. Wareika -- Urban squatter community	<u>331</u>
Total	976
Peri-Urban Community -- Spanish Town	
1. Jones Pen -- Peripheral squatter community	995
2. Tawes Pen -- Peripheral slum and shanty	<u>318</u>
Total	1,313
Other Urban Centre -- Montego Bay	
1. Railway Lane -- Urban slum and shanty	198
2. Rose Heights -- Peripheral squatter community	234
3. Canterbury -- Urban squatter community	<u>532</u>
Total	964
Grand Total	<u>3,253</u>

Part B of the questionnaire was designed to provide information on those aspects of shelter not readily available in the 1982 Census, such as income, housing quality, tenure patterns, amenities and employment patterns. Part B of the questionnaire was administered to heads of households only and was combined with dialogue and observation.

CHAPTER 4**ESTIMATING SHELTER DEMAND****Aspirations and Preferences**

People were asked whether they regarded all aspects of their housing situation as satisfactory and what they would like to do to improve or change their situation. The response was not necessarily related to an ability to fulfil their aspirations. The responses provided information which allowed classification of respondents into three groups, movers who would like to acquire their own shelter, non-movers, and those who would like to rent better accommodations. Table 4.1 shows these preferences by location.

TABLE 4.1**Preferred Solution by Location**

Location	Percentage		
	Movers	Non-Movers	Renters
Central Kingston	31.6	5.5	62.9
Wareika	42.4	34.6	17.9
Jones Pen	61.1	30.1	8.8
Tawes Pen	58.5	32.7	8.7
Rose Heights	56.7	41.3	1.9
Railway Lane	73.7	5.0	21.3
Canterbury	57.1	28.6	14.4

The distinct pattern which emerges from Table 4.1 is that most people are dissatisfied with their present shelter situation and would like to move. This is true of all squatter communities and particularly Railway Lane in Montego Bay, Railway Lane, located along the railway tracks of the train station in Montego Bay, was by far the worst community surveyed. It should be noted that people living in Central Kingston would like to move, but the number wanting to rent better accommodation is much higher than those wishing to acquire their own shelter. Central Kingston is an area with a very high percentage of

renters which probably conditioned their choice of shelter solutions. Approximately 63.4% of the sample expressed a dissatisfaction with their present housing situation while 36.0 per cent were satisfied.

Respondents who indicated that they were not satisfied with existing conditions were asked to indicate what kind of housing solution they would prefer. Non-movers also indicated their preferences for improvements to their present situation. The results of preferred shelter solutions by location are shown in Table 4.2.

TABLE 4.2

Preferred Shelter Solutions

Location	MOVERS (%)				NON-MOVERS (%)				RENTERS (%)
	Completed Unit	Starter Home	Service Site	Unserviced Site	Repair	Expand	Repair and Expand	Demolish and Rebuild	
Central Kingston	14.6	15.1	1.9	—	5.3	0.2	—	—	62.9
Wareika	17.9	11.5	12.6	—	23.1	3.8	6.4	1.3	17.9
Jones Pen	19.7	38.1	3.0	0.3	14.5	3.4	11.2	0.9	8.8
Tawes Pen	36.2	19.7	2.2	0.4	17.0	2.2	8.7	4.8	8.7
Rose Heights	15.4	32.7	8.7	—	22.1	3.8	12.5	2.9	1.9
Railway Lane	16.3	51.9	5.0	0.6	3.8	0.6	0.6	—	21.3
Canterbury	32.9	15.0	7.4	1.8	16.8	2.0	7.1	1.8	14.4

From Table 4.2 it can be determined that no distinct pattern as regards preferred solutions emerges. In Central Kingston completed units and starter homes followed rental as the most sought-after solution. Among non-movers in Central Kingston repair of the existing structure was the most desirable solution, while in Wareika repair of existing structure was the most sought-after solution overall.

The fact that Wareika is a well-established squatter community which has had improvements to infrastructure in the recent past might explain the higher response rate for repair and expansion of structures. Respondents who indicated that they were not satisfied with their existing situation were asked if they had made plans to improve the situation. One of the reasons given by residents of Wareika why they had made no plans for change was the lack of secure tenure. Improvements to shelter in Wareika appears to be of significant importance, as it was the most sought-after solution, and lack of security of tenure one of the reasons why plans for change had not been made by residents.

Respondents in Rose Heights preferred starter homes as their shelter solution, while in Canterbury completed units and repair to existing units were the main choices for movers and non-movers. Canterbury is an older and denser squatter community than Rose Heights. While sanitation in Canterbury is very bad indeed, a number of residents had a verandah of sorts. It is therefore not surprising that those wanting to move in Canterbury would indicate a completed unit as their most sought-after choice. Low levels of income probably influenced the choice of starter homes for respondents in Railway Lane.

Affordability and Mobilization of Resources for Shelter

Information on past, present or planned outlay on housing was sought. There were inquiries relating to the use and purpose of savings; outlay on purchasing; expansion and renting, and planned outlay on renting, building or purchasing a house. The respondents were first questioned on the manner in which the land was originally obtained. Respondents were also asked to indicate what kind of arrangement applied to the unit they now occupy (this is indicated in Table 4.3).

Table 4.3 shows a number of interesting statistics. As would be expected, the number renting in Central Kingston was high (70 per cent) while the number of owner-built structures were highest in Wareika, (76.4 per cent) and Rose Heights (54.3 per cent). Railway Lane had the lowest percentage of owner-built structures outside of Central Kingston. It should be noted that 73.7 per cent of respondents in Railway Lane wanted to move, the highest percentage of any community surveyed.

Respondents who indicated that they wanted to move were asked what kind of financing arrangements would be most suitable to their affordability patterns. Table 4.4 indicates the responses to this inquiry.

TABLE 4.3**Housing Tenure Pattern**

	PERCENTAGES						
	Wareika	Central Kingston	Tawes Pen	Jones Pen	Rose Heights	Canterbury	Railway Lane
Purchased	1.5	3.6	5.7	3.7	8.5	5.8	1.0
Leased (Land)	0.3	0.9	12.9	4.0	—	2.3	—
"Captured"	6.3	9.3	2.5	0.1	—	4.3	0.5
Inherited	6.6	3.1	4.4	3.4	2.1	7.9	3.5
Family House	—	2.6	8.5	12.3	5.6	7.1	1.5
Pay Mortgage	—	0.6	—	—	—	—	—
Gift	—	0.8	4.4	1.0	0.4	2.8	0.5
Owner-built	76.4	0.3	26.1	30.5	54.3	22.0	6.1
Rented	5.4	70.2	34.9	40.8	15.4	43.0	82.3
Living with family	2.1	0.8	—	3.5	13.7	1.7	1.5
Sub-rented	0.9	—	—	0.7	—	2.8	0.5
Rent-free	—	7.4	0.6	—	—	—	0.5

TABLE 4.4**Preferred Financing Arrangements**

Location	Don't Know %	Cash %	Down- payment with instalment %	No Down- payment instalments only %
Central Kingston	1.6	12.7	64.3	19.8
Wareika	—	15.6	62.5	21.9
Jones Pen	0.2	2.0	45.1	52.2
Tawes Pen	1.5	5.3	56.4	36.8
Rose Heights	1.7	—	81.7	16.7
Canterbury	1.5	6.2	81.4	10.8
Railway Lane	1.7	5.9	51.7	39.8

Most respondents were willing to make a downpayment with instalments. However, a significant proportion of respondents preferred financing arrangements which do not include a downpayment. Jones Pen, Tawes Pen and Railway Lane favoured this solution to a greater extent than any other community. When queried as to the source of downpayment, most people (50 per cent) indicated that household/personal savings would be the only source; savings combined with gifts being the next major source. This corroborates the findings of Part IV, Chapter 6 of the study that the volume of household savings which flowed into the sector must have been substantial as there has been a considerable decline in financial flows in the formal sector, yet there was an increase in the housing stock amounting to 78,000 units between 1970 and 1982.

Those who responded they wanted to move and saw a completed unit as their shelter solution were asked to indicate what was the expected price of a two-bedroom completed unit. The results of the response to this question clearly indicate that there is great disparity between the financial capacity of households and their aspirations. As indicated in Table 4.5, most of the respondents expected a completed unit to cost less than JS30,000. A starter home being delivered by the Ministry of Construction (Housing) costs JS56,000. The cheapest completed unit being delivered by the private sector on the Ministry's schemes is JS85,000.

Respondents who wanted to move were asked how much they could afford as a downpayment. As shown in Table 4.6, approximately 50 per cent of respondents indicated that the downpayment should be less than \$1,000, except in Wareika.

TABLE 4.5
Expected Price of Completed 2 B/R Unit

Location	Percentage			
	Less than J\$30,000	J\$30,000 to J\$50,000	J\$50,000 to J\$80,000	J\$80,000 and over
Central Kingston	41.9	25.8	12.9	19.4
Wareika	53.3	33.4	13.3	...
Tawes Pen	79.3	10.4	9.2	0.1
Jones Pen	53.6	20.1	19.0	7.3
Railway Lane	73.1	11.5	7.7	7.7
Canterbury	60.5	17.6	16.6	5.3
Rose Heights	88.0	8.0	4.0	...

This must be viewed against the background that, among movers, completed units and starter homes were the shelter solutions selected. Downpayment on the Ministry's starter homes is 5 per cent or J\$2,800.

TABLE 4.6
Affordable Downpayment

Location	Percentages				
	Less than J\$500	J\$500 to J\$1,000	J\$1,000 to J\$3,000	J\$3,000 to J\$5,000	J\$5,000 and over
Central Kingston	37.6	18.9	10.6	12.9	20.0
Wareika	...	4.3	4.8	9.5	76.2
Tawes Pen	32.5	18.1	29.9	14.3	5.2
Jones Pen	26.4	15.7	24.8	15.0	18.1
Railway Lane	50.8	20.6	15.9	11.1	0.6
Canterbury	23.0	24.2	26.1	13.0	13.7
Rose Heights	21.6	13.7	41.2	9.8	13.7

Tables 4.4 and 4.6 indicate that respondents are willing to make some kind of downpayment toward shelter, but downpayments for more than 50 per cent of the sample must be below J\$1,000 and for approximately 30 per cent of the sample less than J\$500.00

Among non-movers, those indicating that they wanted to improve their structures were asked how much they could afford to borrow to undertake improvements. Approximately 54 per cent of non-movers indicated that they required only very small loans, less than J\$5,000 (See Table 4.7).

TABLE 4.7
Home Improvement Loan Affordability

Location	Cumulative Percentage				
	Less than J\$2,000	J\$2,000 to J\$5,000	J\$5,000 to J\$10,000	Over J\$10,000	Don't Know
Central Kingston	58.3	91.7	...	100	...
Wareika	36.4	45.5	81.8	100	...
Jones Pen	35.7	59.5	83.3	100	...
Tawes Pen	66.7	85.2	92.6	100	...
Centerbury	20.0	43.1	70.8	100	...
Railway Lane	100
Rose Heights	28.0	56.0	84.0	100	...

When asked how they would pay for improvements, most respondents indicated that this would be from personal savings. The partner system¹ was seen as a source for 8.7 per cent of residents in Wareika, 4.6 per cent in Jones Pen, 15.1 per cent in Tawes Pen and 1.1 per cent in Canterbury. The partner system was not mentioned as a loan source in other communities.

The financial outlays these households were willing to make do not include the value of household labour and the materials collected or fabricated by them. In many instances, this would amount to a substantial part of the total resources required for the house.

SOCIO-ECONOMIC PROFILE OF HOUSEHOLDS

The information in this section refers to Part B of the questionnaire.

Family Size and Composition

Family size in the low income areas surveyed tended to be large. Families with more than seven persons accounted for 25.5 per cent in Canterbury, 23.5 per cent in Wareika, 17.9 per cent in Central Kingston, 18.7 per cent in Tawes Pen, 15.9 per cent in Canterbury, 14.8 per cent in Jones Pen and 9.8 per cent in Railway Lane.

TABLE 4.8

**Family Size
No. of Persons per Family (Percentage)**

	1	2	3	4	5	6	7	8	9	10 & More
Wareika	11.9	10.3	13.1	17.2	14.1	10.0	8.1	7.5	2.5	5.4
Central Kingston	16.1	17.2	13.6	14.7	12.0	8.0	7.8	3.8	2.6	3.7
Jones Pen	7.8	19.8	18.1	18.5	12.3	8.6	7.0	3.1	2.1	2.6
Tawes Pen	16.5	14.2	16.5	12.0	13.6	8.4	7.1	3.6	1.9	6.1
Railway Lane	26.4	20.9	15.4	12.6	8.2	6.0	3.3	2.7	2.2	1.6
Canterbury	12.7	14.4	15.3	14.9	16.1	10.6	5.7	4.9	1.9	3.4
Rose Heights	8.5	14.5	14.0	12.0	15.0	10.5	9.0	6.5	1.5	8.5

As can be seen from Table 4.8 the number of families with more than four persons per family was also quite significant and ranged from 24.2 per cent in Railway Lane to 51 per cent in Rose Heights.

Although families are large, most families are nuclear families, the latter accounting for approximately 52.0 per cent of the sample. As can be seen in Table 4.9, in all areas surveyed the nuclear family was clearly the most important method of family formation.

Approximately 13.7 per cent of the sample was made up of extended families. It should be noted also that female-headed households accounted for 13.5 per cent of the sample, compared with 13.7 per cent for extended families. Female-headed households were highest in Central Kingston, Canterbury and Tawes Pen. These low-income areas are slums or squatter communities which are located within easy reach of the Central Business District.

TABLE 4.9

Family Structure (Percentage)

	Nuclear	Extended	Female & children	Male Adult & children	Adults only	Single person
Wareika	79.1	2.2	4.7	1.6	1.3	10.9
Central Kingston	56.6	4.6	18.5	1.5	4.0	14.5
Jones Pen	59.3	14.2	11.8	3.1	4.0	7.7
Tawes Pen	44.7	12.3	18.8	4.9	3.6	15.9
Railway Lane	43.4	7.7	13.7	1.1	7.7	26.4
Canterbury	51.2	11.0	18.0	1.5	7.4	10.8
Rose Heights	51.0	20.0	9.0	4.0	8.5	7.5

1/ Partner system – Informal system of credit whereby participants contribute a set sum of money weekly or monthly for a specified period. Each person participating receives "their hand" on a rotating basis. Money is collected by a "banker" who often is a woman.

Size of Households

Data from the 1982 Census indicate that 8 per cent of households in the KMA have more than seven members, while in other urban centres 11 per cent of households are composed of eight or more members. Table 4.10 indicates that within the low income communities surveyed, household sizes tended to be much larger in the KMA than the averages indicated in the census.

Approximate 15.4 per cent of households in Wareika and 10.2 per cent in Central Kingston have more than eight members. Household sizes were also large in the other urban areas, ranging from 6.0 per cent in Railway Lane to 16.5 per cent in Rose Heights with more than eight members.

TABLE 4.10

No. of Persons Per Household (Percentages)

	1	2	3	4	5	6	7	8	9	10 or More
Wareika	11.3	10.6	12.8	17.8	13.4	10.3	7.8	8.1	2.5	4.8
Central Kingston	15.7	18.0	14.1	14.3	11.9	8.0	7.8	3.8	3.3	3.1
Tawes Pen	16.5	14.2	16.5	11.7	13.9	8.4	7.1	3.6	1.9	5.8
Jones Pen	8.0	19.4	18.1	18.5	12.2	8.9	6.9	2.9	2.1	2.6
Railway Lane	25.8	22.5	15.4	12.1	8.2	6.0	3.3	2.2	2.2	1.6
Canterbury	12.1	14.6	16.3	14.4	15.7	10.8	6.2	4.5	1.9	3.4
Rose Heights	8.5	14.0	14.5	12.0	14.5	11.0	9.0	6.5	1.5	8.5

Employment and Income

Household heads were asked whether they had worked within the last month of the survey. The results are shown in Table 4.11

TABLE 4.11

Employment Status

	Worked Last Month (%)	Unemployed (%)
Wareika	76.3	20.3
Central Kingston	45.7	51.4
Jones Pen	58.8	38.1
Tawes Pen	59.6	37.8
Railway Lane	71.4	27.5
Canterbury	76.8	22.0
Rose Heights	69.2	29.2

From Table 4.11 it can be seen that unemployment was highest in Central Kingston where 11.0 per cent of the sample indicated that they did nothing for a living. This was followed by 10.7 per cent of the sample engaged in vending and another 8.8 per cent in higglering. The pattern was similar for other communities with vending, higglering, domestic work and domestic helper being the most important forms of employment.

The income data for heads of households in the different locations have been presented in terms of six income categories in Table 4.12. The data in Table 4.12 provide some important bench marks; for example, Wareika, with the highest level of employment in the areas surveyed, also recorded the highest percentage with incomes over J\$271 per week.

Tawes Pen, Central Kingston and Jones Pen appear to be the poorest of the low-income areas surveyed, with 15.1 per cent, 12.7 per cent and 10.7 per cent, respectively, earning less than \$100 per week. It should be noted that 38.1 per cent of the sample in Jones Pen and 37.8 per cent in Tawes Pen were unemployed.

When the head of household was asked whether there were additional sources of income available to the household, 52.1 per cent of the sample replied in the affirmative. Other persons in the household, remittances, gifts and food stamps were the major sources of additional income to the household.

TABLE 4.12**Weekly Income: Head of Households**

Percent	Not stated	Less than JS55	JS56– JS100	JS101– JS150	JS151– JS200	JS201– JS270	Over JS271
Wareika	4.4	0.6	2.5	0.3	2.8	4.1	84.3
Central Kingston	5.4	3.9	8.8	4.4	9.8	10.1	57.7
Jones Pen	5.2	5.5	5.2	6.5	10.5	14.0	52.0
Tawes Pen	18.2	3.8	11.3	15.4	7.2	6.8	37.3
Railway Lane	22.2	1.2	2.5	1.9	4.3	16.0	51.9
Canterbury	7.7	2.1	6.3	5.4	7.7	6.5	64.3
Rose Heights	10.1	0.6	1.7	2.8	6.1	7.3	71.5

Incomes were mainly from salaries and wages (57.8 per cent), of which full-time wage employment accounted for 26.7 per cent, part-time wage employment contributed 10 per cent and the remainder came from seasonal wage earnings. Self employment accounted for approximately 21.6 per cent of incomes. Full-time wage earners were highest in Wareika, while the highest percentage of self employment was found in Rose Heights and Canterbury.

Respondents were asked to indicate how much they spent on food, accommodation, transportation, water and electricity for the month preceding the survey. Food was the major item of expenditure for most households, as indicated in the following sections.

Food

Approximately 50 to 70 per cent of households spent JS200 to JS300 on food per month, with 90 per cent of households spending JS500.00.

Accommodation

Approximately 50 per cent of households in Central Kingston paid JS200 for accommodation with 96 per cent paying less than JS100 per month. In communities where rental was less significant, such as Wareika and Rose Heights, expenditure on accommodation was nil for 90 per cent of households.

In other communities, approximately 50 per cent of households made no payments for accommodation. Expenditure on accommodation was less than JS50 per month for more than 70 per cent of the sample.

Transportation

Expenditure on transportation varied according to the geographic location of the community. Approximately 50 per cent of households in the centrally located areas (Central Kingston & Tawes Pen) had no transportation expenditure, while 40 per cent of households in Railway Lane (centrally located) also spent no money on transportation. Transportation expenditure was an important expenditure item in the peripheral communities of Wareika and Rose Heights. Median monthly expenditure for transportation in Rose Heights was JS68.00 and JS50.00 in Wareika. The maximum spent for transportation was JS800.00 per month in Tawes Pen, followed by JS720.00 per month in Wareika.

Water

A large percentage of households spent very little for water. Over 90 per cent of the sample in Rose Heights and Wareika, 80 per cent of the sample in Jones Pen, 60 per cent in Canterbury and 50 per cent in Tawes Pen paid no water bills. The lack of this particular facility probably accounts for water not being an important expenditure item to the abovementioned communities. Approximately 56 per cent of householders in Central Kingston paid no water rates, while 96 per cent of respondents paid less than JS100.00 per month. It should be noted that 88.0 per cent of households in Central Kingston had water piped into their yard only. The median monthly expenditure on water was JS100.00 in Railway Lane where more householders paid for water than in any other community.

Electricity

A high percentage of respondents also paid no electricity bills – 54.6 per cent in Tawes Pen, 55.0 per cent in Central Kingston, 52.9 per cent in Jones Pen and 94.0 per cent in Wareika. Only 29.2 per cent of households in Wareika used electricity, 41.8 per cent in Jones Pen, 34.2 per cent in Central Kingston and 24.9 per cent in Tawes Pen. Median monthly expenditure on electricity was JS25.00 in Rose Heights and Canterbury and JS12.50 in Railway Lane.

Tenure

Table 4.13 shows the ownership pattern for land in the areas surveyed.

TABLE 4.13**Land Tenure (Per cent)**

	Own	Lease	Rent	Sub-Lease	Squat	Rent Free	Don't Know
Wareika		0.3	1.3		97.4	0.3	0.3
Central Kingston	9.4	1.4	66.8		13.9	7.9	0.6
Jones Pen	13.8	36.6	45.2	0.5	1.9	1.5	0.5
Tawes Pen	16.2	33.0	26.2	0.6	15.9	1.9	1.3
Railway Lane	2.2	2.2	83.5	0.5	8.8	-	2.7
Canterbury	4.3	18.6	67.9	0.4	4.9	0.9	3.0
Rose Heights		-	1.5		98.0	0.5	-

From the above table it can be seen that a large percentage of the sample was either leasing or renting land. Leasing is a more long-term arrangement with some agreement between tenant and landlord, renting is a more short-term ad hoc arrangement. Squatting appeared to be highest in the Wareika area of the KMA and Rose Heights in Montego Bay. Ownership of land accounted for 6.6 per cent of the sample.

Table 4.14 shows the ownership pattern of dwelling units. Central Kingston had the highest number of renters, with Wareika having the highest number of owner-occupiers. Approximately 78.5 per cent of units in Rose Heights were also owner-occupied.

TABLE 4.14**Ownership of Dwelling Unit**

	Per cent Owning Unit	Per cent not Owning Unit
Wareika	91.6	6.6
Central Kingston	10.7	88.1
Jones Pen	45.8	53.9
Tawes Pen	55.0	44.0
Railway Lane	12.1	87.9
Canterbury	43.5	55.0
Rose Heights	78.5	20.5

Occupancy

Information on multi-occupancy can be seen from Table 4.15 which shows the number of households occupying a unit. The information in this table indicates that most dwellings are occupied by only one household, although 20.8 per cent and 20.7 per cent of dwellings in Jones Pen and Tawes Pen, respectively, had two households per dwelling. In Central Kingston 8.3 per cent of dwellings had seven or more households, typical of the Kingston Metropolitan Area slums with a high level of overcrowding.

Information from the 1982 Population and Housing Census indicates that 98 per cent of dwellings in the urban areas and 99 per cent of dwellings in rural areas are occupied by only one household. Table 4.15 confirms this with 71.9 per cent of the sample containing one household per dwelling.

Mobility

The period of residence in the locality or home can be considered a good indicator of mobility or its absence. The data revealed that the majority of households had been recent movers, living in the area for less than five years (32.7 per cent). Only in Wareika did the majority of households reveal a tendency to reside in the same locality for a long period of time; e.g. 33.5 per cent of households for ten to fifteen years and 26.0 per cent from fifteen to twenty years.

TABLE 4.15**Number of Households Occupying Unit
Percentage**

	1 H/H	2 H/H	3 H/H	4 H/H	5 H/H	6 H/H	7 & Over
Wareika	98.8	1.2	-	--	--	--	--
Central Kingston	46.8	12.8	9.0	12.0	7.5	2.5	8.3
Jones Pen	53.2	20.8	11.2	7.3	4.5	1.2	1.0
Tawes Pen	70.9	20.7	3.6	2.3	2.6	-	--
Railway Lane	64.8	14.8	7.1	7.7	3.8	1.6	--
Canterbury	63.7	18.5	9.8	5.7	0.8	0.6	0.8
Rose Heights	85.5	8.0	4.5	1.5	0.5	-	--

Tawes Pen appears to be made up of two communities, the recent squatters (34.3 per cent) and households (23.3 per cent) who have been living there for twenty to thirty years.

TABLE 4.16**Mobility**

	Length of Residence (Per cent)					
	0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-30 Years	30 yrs. & over
Wareika	5.0	26.9	33.5	26.0	8.1	0.5
Central Kingston	27.5	29.1	18.9	9.5	9.2	5.5
Jones Pen	42.1	23.7	10.5	8.8	9.2	5.5
Tawes Pen	34.3	19.7	8.3	5.5	23.3	8.7
Railway Lane	54.6	20.3	13.0	3.7	8.0	2.0
Rose Heights	24.5	17.5	22.0	21.5	14.5	-
Canterbury	33.1	22.8	13.7	11.2	12.4	6.6

Profile of Housing Conditions**Number of Rooms****TABLE 4.17****Size of Dwelling Units**

	Number of Rooms (Per cent)					
	1	2	3	4	5	more than 5
Wareika	16.3	51.3	23.8	5.6	1.6	1.2
Central Kingston	57.2	33.1	5.0	2.9	1.1	0.8
Jones Pen	30.7	29.5	17.6	11.4	5.8	4.4
Tawes Pen	41.4	30.7	13.9	6.5	2.6	4.9
Railway Lane	45.1	28.6	7.1	10.4	4.4	2.1
Canterbury	34.2	32.1	23.4	6.6	2.3	1.4
Rose Heights	21.0	24.5	34.0	12.5	5.0	3.0

The majority of dwelling units were small, with 31.1 per cent of the sample containing only one room. This phenomenon was particularly true in Central Kingston with its high proportion of renters and overcrowding in existing buildings. Wareika, a well-established squatter settlement, had a higher number of dwellings with two rooms than with one room. Cumulatively, more than 70 per cent of the sample had only two rooms.

Householders were asked to indicate if any of the rooms in their dwellings were used for business purposes. Only 3.4 per cent of dwellings in Central Kingston were used to carry out some form of economic activity, 3.8 per cent of dwellings in Jones Pen, 3.6 per cent in Tawes Pen, 4.2 per cent in Canterbury and 4.9 per cent in Railway were used for economic gain. However, 12.5 per cent of households in Rose Heights, and 7.2 per cent in Wareika used their dwelling to carry on some kind of economic activity.

Rose Heights and Wareika are squatter communities on the periphery of Montego Bay and KMA, respectively, where access to the city centre is difficult and the need for small businesses greater.

Condition of Dwellings

Interviewers were given a classification and rating scale on which to evaluate the condition of dwellings. The result of this exercise are shown in Table 4.18A.

TABLE 4.18A
Condition of Dwellings

Per cent	Wareika	Central Kingston	Tawes Pen	Jones Pen	Railway Lane	Canterbury	Rose Heights
Not Recorded	0.7	0.7	1.3	1.3	1.1	1.1	2.0
Excellent			2.6	0.2	0.5	1.9	--
Good	7.2	7.3	11.3	9.0	4.4	17.1	23.0
Fair	37.6	26.7	23.9	40.6	40.7	44.3	48.0
Poor	54.6	65.3	60.8	48.9	53.5	35.6	27.0

The majority of buildings were classified as being in poor condition, although a substantial proportion appeared to be in fair condition. Approximately 11.3 per cent of dwellings in Tawes Pen were classified as being in good condition and 2.6 per cent in excellent condition. Approximately 23.0 per cent of buildings in Rose Heights were classified as being in good condition. Respondents were also asked to rate the condition of their structures. The results of this query are shown in Table 4.18B.

TABLE 4.18B
Condition of Buildings

Per cent	Wareika	Central Kingston	Tawes Pen	Jones Pen	Railway Lane	Canterbury	Rose Heights
Not Recorded	0.6	0.2	1.3	0.2		1.3	0.5
Excellent	1.6	0.6	1.6	0.1	0.5	0.8	3.5
Good	8.4	9.2	15.5	6.9	8.8	18.9	21.5
Fair	43.8	24.1	22.0	31.0	34.1	36.7	43.0
Poor	45.3	66.0	59.5	61.8	56.6	42.0	31.5

The similarity between the observations of the interviewers and the response of the householders should be noted. Most householders classified their buildings as being in poor conditions with a substantial proportion considered as being of fair quality. Rose Heights had the largest percentage of buildings in good condition as classified by the interviewers and the respondents.

The lack of amenities was a major concern of many respondents in the sample. Householders were asked to rank what improvements they would like to see in their community. Water, roads, housing and social facilities were the major improvements requested by respondents (Table 4.19).

TABLE 4.19
Improvements Required

	Water %	Drainage %	Roads %	Light %	Social facilities %	Job opp/ Training %	Housing %	Other %
Wareika	64.3	-	16.3	7.2	3.4	-	1.6	7.2
Central Kingston	0.2	0.4	2.2	0.6	7.1	41.1	30.3	14.6
Tawes Pen	2.9	2.5	25.0	10.9	13.3	1.0	16.4	28.0
Jones Pen	22.6	1.2	8.6	19.9	12.0	2.7	6.4	26.6
Railway Lane	3.9	7.2	5.6	0.6	25.0	81.4	51.5	22.9
Canterbury	10.4	1.5	17.3	1.7	20.9	2.9	10.4	31.3
Rose Heights	82.4	-	5.0	1.5	6.5	-	-	2.5

The most sought-after solutions in the social facilities category were schools, post offices, playing fields, health centres and police stations. In the other category the most sought-after solution was a commercial centre, or shopping facilities.

The provision of better access to water was the most important improvement required by communities at Wareika and Rose Heights. Improved access to water was also recorded by other communities as important, but of less importance when compared with Wareika and Rose Heights.

Householders were asked about their existing means of obtaining water. Approximately 68.7 per cent of householders in Railway Lane had water piped into their yards, 77.2 per cent of residents in Jones Pen, 55.3 per cent in Canterbury and 75.5 per cent in Central Kingston. On the other hand approximately 82.8 per cent of households in Wareika had to carry water from a public standpipe, only 0.3 per cent had water piped into their yards. Similarly, 88.0 per cent of householders in Rose Heights had to collect water in drums or small tanks, with 3.0 per cent having a public standpipe as their source and another 39.5 per cent depending on neighbours as their source of water. Thus it is understandable that better access to water would be rated high in Wareika and Rose Heights. The upgrading of roads was viewed as one of the most important improvements required by all communities and was seen by residents of Tawes Pen as their most important need. While 65.4 per cent of residents in Tawes Pen had a paved road nearest their dwelling, 40.2 per cent of households felt the roads in their community were in poor condition and 54.4 per cent felt the streets were dirty and 38.4 per cent expressed the view that they were very dirty. Improving the conditions of the roads was important to 16.3 of households in Wareika. Approximately 79.0 per cent of residents in Wareika had access to an upgraded road only. Approximately 95.7 per cent of respondents in Wareika felt the roads were in poor condition and 81.8 per cent felt the streets were dirty. Only 2.2 per cent of residents in Central Kingston felt their roads needed improvement. Approximately 95.2 per cent of residents had access to a paved road, 85.7 per cent felt the street were clean and 56.2 per cent felt roads in Central Kingston were in fair condition. Respondents in Central Kingston therefore did not think that roads in their area needed improvement.

Approximately 30.3 per cent of respondents in Central Kingston, 16.4 per cent in Tawes Pen and 15.5 per cent in Railway Lane viewed provision of housing as an important improvement required in their community. The provision of job opportunities and training was seen by residents of Central Kingston as the most important improvement required. As was shown in Table 4.12, Central Kingston had the highest level of unemployment of the areas surveyed.

Over 56 per cent of the sample shared pit latrines, except in Wareika where 89.0 per cent of the sample had private pit latrines. Formal (flush) toilets were found only in Central Kingston, but 88.7 per cent of households shared toilet facilities.

Construction Materials

Wareika, the community with the longest residing respondents, had more dwellings constructed of concrete than any other community. Approximately 72.7 per cent of buildings had concrete walls, and 78.1 per cent of structures had concrete, terrazo or tiled floors. Approximately 62.2 per cent of buildings had concrete walls in Central Kingston. Wood was the main construction material for floors in Central Kingston (72%). Wood accounted for 39.0 per cent of walls and 27.3 per cent of floors in structures in Jones Pen while concrete was used as construction material for 53.6 per cent of walls and 46.3 per cent of floors in Jones Pen. Slightly more than 40 per cent of walls and 45 per cent of floors were constructed of wood in Tawes Pen. Concrete was used as walling material for 45 per cent of structures and as material for floors for 35.0 per cent of the sample. Railway Lane had the highest per cent of wooden buildings, 84.6 per cent, and 87.4 per cent wooden floors. Over 70 per cent of dwellings in Rose Heights and Canterbury were constructed of wood. Zinc was the major roofing material, only a small percentage of buildings had concrete, asbestos or thatched roofs.

Outlays made by Households

The head of household was asked a number of questions to determine the financial outlays made by households on shelter and the mechanisms used to arrive at their present shelter situations.

Respondents were first asked how they acquired their present dwelling. The results of this query are given in Table 4.20.

TABLE 4.20
Acquisition of Dwelling
Percentage

	Wareika	Central Kingston	Tawes Pen	Jones Pen	Railway Lane	Canterbury	Rose Heights
Rent	6.1	76.2	35.4	45.9	88.3	47.0	17.1
Purchased	1.0	3.7	4.2	3.7	0.6	6.2	-
Mortgage	-	1.0	-	-	-	0.2	-
Inherited	6.1	4.0	4.9	4.2	3.3	7.2	10.1
Family House	0.3	2.7	8.1	9.7	2.2	7.0	2.5
Gift	-	1.0	4.9	1.2	0.6	3.2	6.5
"Captured"	5.4	10.0	2.3	0.1	0.6	3.8	-
Leased	-	0.8	13.0	3.6	-	1.7	-
Owner-built	81.2	9.2	26.9	31.4	3.9	23.4	63.3
Rent-free	-	0.6	-	-	0.6	0.2	0.5

This table reveals a similar pattern when compared with Table 4.3 which shows housing tenure for adults who participated in Part A of the survey. Owner-built structures were highest in Wareika and Rose Heights, rentals were highest in Central Kingston and Railway Lane. As was pointed out previously, areas with a high per cent of rentals recorded the highest percentage of those who wanted to move.

People who were renting were asked how much they paid for rent per year. Approximately 90.0 per cent of the sample paid JS1,000 and less and 50.0 per cent paid JS500 and under (Table 4.21).

TABLE 4.21
Annual Expenditure on Rent (Percentage)

	JS500 and under	JS1,000 and under
Wareika	56.0	92.0
Central Kingston	78.4	94.7
Tawes Pen	79.6	98.1
Jones Pen	77.5	96.8
Railway Lane	68.5	93.2
Canterbury	71.4	93.6
Rose Heights	58.8	94.1

The information in Table 4.21 also supports a point made previously from the market demand survey, that when asked what kind of downpayment people would like to make, a large percentage of the sample indicated JS500 or less.

Those householders who paid cash for their units were asked how this was financed. Personal savings was the main source of financing for shelter. Respondents in the market demand analysis indicated that personal savings would also be the source of investment for future outlays on housing. Table 4.22 shows the main sources of investment for shelter.

Respondents who used loans to acquire their structures were asked the source from which the loan was obtained. Employer/National Housing Trust, Credit Unions, Building Societies, the "Partner System" and Commercial Banks were the main financial institutions used to provide loans. Credit Unions and Building Societies were selected more often, followed by Commercial banks and "Partner". Family and friends as loan sources were mentioned less frequently. National Housing Trust, Commercial

TABLE 4.22
Method of Financing for Cash Purchasers (Per cent)

	Not Stated	Personal Savings	Gift	Loan	Savings + Loan	Sale of Property	Sale + Savings	Other
Wareika	0.4	94.1	1.3	1.7	2.5	--	--	--
Central Kingston	--	88.2	5.9	5.9	--	--	--	--
Tawes Pen	2.3	89.8	--	1.1	1.1	3.4	--	2.3
Jones Pen	4.4	84.3	1.0	0.3	1.4	3.1	3.8	1.7
Railway Lane	22.2	44.4	--	--	11.1	--	--	22.2
Canterbury	26.7	68.9	0.7	0.7	0.7	--	1.5	--
Rose Heights	8.3	88.6	--	1.5	1.5	--	--	--

Banks and Credit Unions were used as mortgage sources. Loan amount varied between J\$60 and a maximum of J\$7,000. On the average, loans tended to be less than J\$5,000. Borrowers were also asked to indicate how often loan payments were made. Monthly repayments of loans was the method most often used by borrowers.

Respondents were also asked whether they had investments in shelter elsewhere, in addition to the house they lived in. A small percentage of the sample indicated that they did own a house elsewhere. Three respondents in Wareika owned a house in the rural parts of the island. Of the eleven respondents in Central Kingston who replied in the affirmative, five owned houses in the KMA, of which four were in Central Kingston and one in a Ministry of Construction (Housing) lower middle income housing scheme. Forty respondents in Jones Pen owned houses elsewhere, of which 24 were in Jones Pen, six were in the same parish and the remainder in other parts of the island. Eight persons in Tawes Pen owned houses elsewhere, only one of which was outside of the parish. Four of the seven people in Canterbury who owned other houses said that these were outside of the parish, while all seven houses owned elsewhere by respondents in Rose Heights were located in the same parish. Only one person in Railway Lane owned a house elsewhere, in rural St. James.

Rural Shelter Characteristics

Rural low-income dwellers displayed a number of important differences, and also some similarities with their urban counterparts. Approximately 84.1 per cent of respondents in Negril indicated that they did not want to move, quite unlike the urban sample. While the number of people who wanted to move was represented by a small per cent of the sample, approximately 71.5 per cent said they were dissatisfied with their present housing conditions. It should be noted that 73.1 per cent of houses in Negril were owner-occupied. Like the urban sample, however, most people who did not want to move indicated that refurbishing (57 per cent) was the most sought-after solution, rather than demolishing and rebuilding or expansion.

Respondents in Negril, like the urban sector indicated that personal savings would be the main source of funds for financing improvements. However, a much larger percentage (31.5 per cent) of rural respondents indicated loans as a major source of funds. Loans required by residents of Negril were also small, less than \$5,000. When asked about the source of loans, Commercial Banks, Credit Unions, Building Societies and the National Housing Trust (NHT) were seen as the main sources. Family and friends were considered less frequently and the partner system was not mentioned as a source.

When respondents who wanted to move were asked their residential preferences, 51.7 per cent wanted to move to Whitehall, while 39.9 per cent preferred Orange Bay. Both communities are located in close proximity to Negril. Most movers indicated that a completed unit was their first choice in terms of shelter solutions. Personal savings would be used by 51.3 per cent to finance the solutions selected by movers in Negril, followed by loans, 41.2 per cent.

Approximately 7.8 per cent of households in Negril had seven or more members and 36.7 per cent had more than four members, indicating that household size was fairly large. Family structure was also fairly similar to the urban sample with the nuclear family accounting for 52.7 per cent of the sample. However, the extended family structure accounted for a large percentage of respondents (20.6 per cent) compared with the urban areas.

In terms of mobility, most of the residents were not living in the area for extended periods, with over 50 per cent of the sample having lived there for less than ten years.

Unemployment in the area was fairly high, with approximately 29.3 per cent of respondents not working. Farming, as would be expected, was the major source of employment accounting for 26.2 per cent of respondents. Incomes on the whole were

PART IV

SELECTED ISSUES IN HOUSING INPUT MARKETS

Chapter 5 briefly outlines the evolution of the Government's role in the provision of shelter. It next surveys the Government's shelter policies and also examines some of the issues which led to the formulation of a National Housing Policy for Jamaica. It discusses the public sector housing programme 1970-1982, and then proceeds to examine the post-1982 programme when Government began to implement programmes and projects consistent with the objectives and strategies of the National Housing Policy. It also compares the performance of the public sector with that of the private sector. Finally the chapter deals with the performance of the sector in view of the new policies and programmes and highlights key issues and implications.

Chapter 6 gives an evaluation of the housing finance system in Jamaica with particular reference to the National Housing Policy, which has as a major objective reduction of the housing shortage through the mobilization of additional resources. It examines the main sources of funds for shelter and the role of government in housing finance. The chapter concludes with a number of issues which need to be considered. These are further developed in Part I - The National Shelter Sector Strategy.

The focus of Chapter 7 is on the use and management of land as a key resource for shelter. It examines the problems of land availability for the poor and discusses aspects of the urban land market, such as poor land systems, cloudy titles and lack of tenure, which have contributed to the failure in reaching the poor. In the concluding section a number of issues important to a National Shelter Strategy are raised to be developed further in Part I.

The issues of construction technology and standards, the use of indigenous building materials and affordable costs are discussed in Chapter 8, while Chapter 9 looks at legislation which affects the provision of shelter.

CHAPTER 5

GOVERNMENT SECTOR POLICIES AND PROGRAMMES

Evaluation of the Role of the Ministry of Construction (Housing)

The Government plays a multiple role in shelter in Jamaica. It performs the functions of national policy-maker, regulating authority, housing administrator, lender, developer and landlord. In its regulatory role, government lays down standards, stipulates building procedures and seeks to contain rents. In its role as housing promoter it constructs and sells new housing units, particularly for the lower and middle income groups.

The first Ministry of Housing was created in 1955. The Ministry was entrusted with functions including regulation of rental housing and promotion of housing development. It was empowered under the Housing Act 1968 to undertake construction of housing for the low-income population. As a government ministry, the present Ministry of Construction (Housing) receives funds from the G.O.J. budget (Consolidated Fund). Based on the Housing Act, however, it also receives capital recoveries from its previous projects (Housing Fund). Allocations from the budget, therefore, make up the difference between what is required for the fiscal year and what is expected from the Housing Fund.

The Ministry continued to be the main government agency for the implementation and co-ordination of housing programmes, until the mid-1970s when a number of parastatal organizations entered the shelter field. The Ministry's role at this time

much lower than in urban areas, with 8.1 per cent of the sample earning over J\$270.00 per week compared with 60.0 per cent in the urban sector.

Structures in Negril were predominantly made of wood, with over 80 per cent having walls and floors of wood. Approximately 29.9 per cent of buildings were observed to be in good condition and 34.6 per cent and 31.6 per cent in fair and poor condition respectively. Thus the quality of buildings in Negril appeared to be of a higher standard than in the urban areas. Lack of amenities appeared to be less critical compared with some of the low-income urban areas surveyed, with 36.1 per cent of dwellings having piped water, and 57.2 per cent having water piped into their yards. Only 24.8 per cent of the sample shared pit toilets compared with 56 per cent in the urban sample.

The percentage of owner-occupied structures was higher in Negril than in any of the urban areas except Wareika. Land ownership was also more predominant in Negril although a large percentage of the sample occupied land rent free, with renting, squatting and leasing being less significant than in the urban areas.

CONCLUSION

The market demand surveys have provided important information on various aspects of people's attitude towards shelter and some of the processes which are at work in the sector. The surveys provided useful information regarding the disparities between people's aspirations and affordability. Many people wanted completed two-bedroom units, but thought such a unit should cost less than J\$30,000.

The surveys also provided information on the financial capability of the low-income communities sampled. Most respondents who wanted home improvement loans to fix up their houses wanted small loans, less than J\$5,000.

The information obtained from the survey indicates ways in which the shelter strategy must respond to the present realities of the housing situation and make optimal use of certain aspects of household behaviour. The fact that most people cannot afford two-bedroom completed units must be considered as part of the overall strategy. Issues such as size of loan, repayment period and the use of household savings in providing shelter must also be considered in the National Shelter Strategy.

Further analysis of survey results will be undertaken in order to refine the Shelter Strategy and direct its implementation.

was largely confined to that of housing promoter and the size of its programme was determined by the budgetary allocations made to the Housing Fund.

During the period 1979 – 1982, the Ministry which assumed responsibility for housing was merged with the major building construction departments of the Government to form the Ministry of Construction. However, planning and local government remained the responsibility of other ministries.

A strictly regulated economy with a few incentives to the private sector coupled with an adverse international economic environment contributed to a severe contraction of investment and growth towards the end of the 1970s. Continued devaluations of the Jamaican dollar resulted in massive increases in construction costs. Against this background the responsibility for undertaking direct investments to increase and improve the housing sector was assumed by the state, while housing investment in the private sector was confined mainly to joint venture arrangements with Government.

Government policy during this time was geared towards increasing the flow of funds to the sector and encouraging the private sector to enter the low-income housing market. In 1976 the National Housing Trust was created by Government to administer funds collected by means of compulsory savings from the salaries of employees (2 per cent of gross income) and from the wage bill of employers (3 per cent of employers' wage bill). The Trust provided both long-term financing and interim financing to both the public and private sectors. The private sector was encouraged to provide units within the Trust's price range for sale to its contributory population. A number of statutory companies were created in this period to implement aspects of the government housing policies, resulting in the multiplicity of agencies previously mentioned.

Public sector housing activities during this period consisted of two main programmes – the direct Construction Programme and the Sites and Services and Squatter Upgrading Programme. The principal goal of the direct construction programmes was to provide accommodation for rental and sale for the middle and lower income groups. The main schemes under this programme were:

- (i) Slum Clearance and Rehousing Schemes including multi-storeyed apartments in the urban areas for low income groups
- (ii) Single Family and Multi-family sales and Rental Schemes for urban and rural areas
- (iii) An Owner Occupier Scheme for prospective home-owners who desired to construct dwelling units on their own land
- (iv) Farm Housing carried out in the rural sector by the Ministries of Agriculture and Youth and Community Development, and for sugar workers by Sugar Industry Housing Limited.
- (v) Indigent Housing carried out by the Ministry of Local Government
- (vi) Middle-class co-construction programme carried out by the National Housing Corporation and the Urban Development Corporation.

Table 5.1 summarises the number of units completed under the programme during the period 1971 – 1980. It also compares production with the private sector during the period.

SITES AND SERVICES PROGRAMME:

Under the Sites and Services project which became operational in 1975, "serviced lots" were completed by government and handed over to allottees. A "serviced lot" comprised a sanitary core provided with piped water supply, sewerage facilities and electricity. The sanitary core unit was offered in various stages of completion according to price. The objective was to provide the prospective home-owner with the option of selecting what best suits his needs and meets his abilities to complete with available resources.

The Squatter Upgrading component of the Sites and Service Programme was designed to improve living conditions in squatter settlements with a minimum of disruption – providing security of tenure to residents, establishing infrastructure and community facilities and relocating persons whose homes may have been affected by infrastructural development works.

The present functions of the Ministry of Construction (Housing) are as follows:--

- overall development, management and control of the public sector
- formulation and implementation of the National Housing Plan
- land acquisition and land bank development and management
- design, development and management of low-income housing

TABLE 5.1

HOUSING COMPLETED 1971 – 1980

YEAR	GOVERNMENT			PRIVATE			TOTAL		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
1971	63	1110	1173	--	322	322	63	1432	1495
1972	25	1560	1585	--	322	322	25	1882	1907
1973	534	2309	2843	--	90	90	534	2399	2933
1974	381	1240	1621	--	64	64	381	1304	1685
1975	572	2703	3075	300	314	614	672	3017	3689
1976	816	3822	4638	3110	104	3214	3926	3926	7852
1977	1203	3181	4384	2453	--	2453	3656	3181	6837
1978	1182	3419	4601	275	--	275	1457	3419	4876
1979	927	2726	3653	1116	204	1320	2043	2930	4973
1980	487	1472	1959	99	1105	1204	586	2577	3163

- estate development and settlement upgrading
- execution of a build-on-own-land programme
- marketing of housing and settlement projects
- estate management
- community development, organization and education
- building research and development
- rent control.

Need For National Housing Policy

In 1982 Government developed and adopted a National Housing Policy in order to address major issues which have plagued the housing sector, viz: --

- the scarcity of long-term financing;
- the resultant low levels of investment in housing,
- the massive increases in building costs; and
- incompatibility between the costs of various housing solutions and the levels of affordability of target income groups.

It is instructive at this point to review the Policy and to examine some of the issues which led up to its formulation.

1. Institutional Relationships

The role of providing public sector housing was being performed by eight different agencies which fell under four different Ministries. The operations of these agencies suffered from the absence of clearly defined institutional roles and lack of co-ordination. This resulted in overlapping functions, inefficient use of available resources and the inability of the public sector to identify and pursue a consistent set of objectives.

2. Housing Finance System

The housing sector lacked an integrated finance system and housing finance was derived from various sources and channelled through various institutions. The absence of a co-ordinated approach to housing finance prevented the most efficient utilization of the limited funds available for housing investment. This was often reflected in an excess of funds in some financial institutions and a severe shortage of investment funds in others.

2. Affordability

Many housing projects suffered from the fact that they are beyond the reach of those persons for whom they were

intended. Increased building costs and design specifications demanded by regulatory agencies tended to create a widening gap between the cost of housing programmes offered and the purchasing power of the target groups.

4. Institutional Decapitalisation

The experience in recovering mortgage payments in public sector housing programmes was extremely poor. This was due to both poor attitudes on the part of mortgagors and inefficient cost recovery mechanisms.

5. Construction Costs

Perhaps the most devastating blow to the housing sector has been the massive cost increases that have occurred in the construction industry. The total increase in construction costs over the period 1970 – 1985 has been estimated at 728 per cent. This has had serious implications for housing for low-income groups.

In addition to the normal increases which are attributed to higher labour, material and finance costs, construction costs were also affected by the shortage of essential building materials. A major factor affecting the ultimate cost of housing construction has also been the quality of management applied to each project, which is a critical area of weakness in public sector projects. The lack of effective construction management has resulted in cost overruns far in excess of increases attributable to unavoidable factors. This often resulted in housing units being delivered at prices unaffordable by the income groups for which they were intended.

6. Land Use Patterns

The provision of housing has been adversely affected by the irrational pattern of land use which has occurred within urban areas. This has resulted in the unavailability or the prohibitive cost of land when available. In urban areas also irrational land use has also caused the deterioration of existing housing communities by the conversion of residential accommodation to other uses, thereby reducing the housing stock and creating additional demand pressure for new housing.

7. Private Sector Activity

The private sector has traditionally been responsible for approximately 25% of the total number of new houses constructed and this has mainly been middle and higher income housing development.

8. Community Development

Community development has not been regarded as an integral part of housing development, but rather as a correlated programme to be pursued separately.

POLICY OBJECTIVES AND STRATEGIES

In the context of the foregoing, the objectives and strategies of the national housing policy are as follows:—

- redefinition and clarification of institutional responsibilities;
- rationalisation of the housing finance system;
- housing geared to the affordability of target income groups, i.e.
 - settlement upgrading schemes and serviced plots;
 - core (starter home) and units on individual plots;
 - completed two-bedroom homes in projects and individual plots.
- full and effective cost recovery on all programmes;
- stabilization of construction costs,
- mobilization of private sector support for the national housing programme;
- promotion of home-ownership and
- creation of viable communities through community development efforts.

POLICY IMPLEMENTATION

1. Redefinition and Clarification of Institutional Responsibilities

Regarding the clarification of institutional responsibilities, the greatest effort has been directed towards getting the Ministry of Housing out of housing finance and mortgage servicing functions and allowing it to concentrate on project development. A large portion of the Ministry's portfolio has therefore been turned over to a commercially operated institution for servicing.

2. Rationalisation of the Housing Finance System

In order to maximise the effectiveness of public sector finance institutions, their individual roles and their relationship with each other were clearly defined within a framework geared to increase the flow of funds into the construction of low income houses.

The major emphasis has been therefore to develop specialised institutions for primary and secondary mortgage financing and the creation of a uniform interest rate structure based on income brackets of lower income families. Primary lending, i.e. mortgage loan organization, is fairly well developed. However, a secondary market was never implemented due primarily to the lack of funds and expertise in initiating the system.

3. Housing Programmes to be geared to the level of Affordability of Target Income Groups

In order to respond effectively to the housing needs of the population, public sector housing programmes were structured to meet the affordability of target income groups. On this basis, housing programmes were developed for the following income groups:

Income Group	Programme
US\$0 -- US\$19 per week	Settlement upgrading, Indigent housing Serviced plots.
US\$20 -- US\$39 per week	Starter Homes in Schemes and/or individual plots.
US\$40 -- US\$60 per week	Completed 2-bedroom homes in schemes and/or individual plots.

4. Full and Effective Cost Recovery on all Programmes

Housing programmes, however well conceived and affordable, will face inevitable bankruptcy if effective means of cost recovery are not maintained. Future housing investments must be based to a great extent on anticipated recoveries from existing projects.

Government's concentration on effective cost recovery has had beneficial effects in the sector; total collections by the National Housing Trust have nearly doubled in the past two years. Through the example of auctioning several houses, the beneficiary population is beginning to realise that government housing is not a gift.

In the broader sense of cost recovery, nearly all capital and development costs are now being included in unit prices. Government is also studying how to move the interest rate structure closer to market rates while maintaining target group affordability.

5. Stabilization of Construction Costs

The stabilization of construction costs is and will continue to be one of the most difficult policy objectives to attain. Jamaica, as a small island country with a high import component in construction, is extremely susceptible to fluctuations in the world economy. Government's decision to institute a floating exchange rate has therefore meant substantial increases in construction costs over the past several years. These increases, however, have led to tighter planning controls, reduced housing and infrastructure standards, strict contract negotiations and improved construction supervision. In addition, a Building Research Institute has been established with the objective of utilising indigenous materials in order to reduce the import and energy content in construction and to transfer intermediate technology to achieve this objective.

6. Mobilization of Private Sector Support for the National Housing Programme

Mobilization of private sector support for the national housing programme has been mainly through expanded turnkey, i.e., design-and-build, type of projects. Attempts have also been made to attract private institutional funds into the sector but, due to high interest rates in the private sector, this has proved unworkable.

7. Promotion of Home Ownership

The Government strongly supports the principle of home ownership as a means of providing security, stability, and economic power to the family unit and creating a basis for the development of strong motivated communities.

The major difficulty in attaining the objectives of home ownership has not been popularity of freehold title in Jamaica. Rather, it has been the implementation of the necessary procedures of land acquisition, survey, titling and registration

of mortgages. Due to the difficulty of these processes, a special project marketing task force has been established to expedite the overall title conveyance process.

8. **Creation of Viable Communities through Community Development Programme**

Community development is an integral part of the national housing programme. Residents of housing projects are mobilized to stimulate the revitalisation of existing communities or, where appropriate, to form the nucleus of new communities. In order to achieve this objective, community development staff of the Ministry are active in all low-income project areas, especially in settlement upgrading areas where participation by the community is sought at an early stage.

PRESENT SHELTER PROGRAMMES

Macro-economic policies have tended to work against the sector. Government has adopted a Structural Adjustment Programme to reform the economy, with greater emphasis given to the productive sectors. The result has been that diminished resources were allocated to the housing sector, seriously affecting implementation of Government's Housing Policy.

However, Government adopted or continued several programmes as follows:

1. **Starter Home**

The Starter Home programme involves construction of units either on individual plots or within schemes. These schemes usually consist of a mixture of two-bedroom units and starter home (studio) units. The starter home is a standard house type offering basic facilities, essential services and modest living/sleeping area, but so designed as to facilitate its expansion by the purchaser to meet his ultimate requirements.

Standard designs and technical assistance in expanding units are available from the Ministry of Construction (Housing).

2. **Build-On-Own-Land**

The Build-On-Own-Land (BOL) programme is designed to play the following role within the recently adopted National Housing Policy:

- increase the provision of housing in rural area through the construction of starter home units on individually owned scattered sites;
- increase the affordability of starter homes by eliminating or reducing lot development costs;
- consolidate existing urban areas by constructing on serviced land already available;
- improve the capacity capability of small contractors.

The BOL programme utilises an expandable starter home unit of approximately 300 sq. ft. containing one all-purpose room with separate kitchen and bath. The starter home used in the BOL programme is erected by small contractors who are contracted and monitored by the appropriate Ministry of Construction (Housing) parish office.

3. **Settlement Upgrading**

The settlement upgrading programme involves initially a minimum improvement package including secure land tenure, purchase of presently occupied sites from either private ownership or Government of Jamaica Ministries, and rationalisation of the existing plot layout pattern. The rationalisation of the existing plot configuration is a prerequisite to the establishment of tenure and to any subsequent incremental improvement in public services.

Rationalisation legislation, regularisation of the selected upgrading areas includes the legal surveys required for individual plot purchase from either the Government of Jamaica or private owners; the actual plot purchase by the sub-project's beneficiaries and the regularisation of the existing site layout.

This regularisation programme includes the following components:

- (i) a more equitable distribution of the total residential area between existing residents;
- (ii) a pegging of the new plot boundaries;
- (iii) road/footpath alignment and reservation to provide minimum access to and circulation within the area;
- (iv) set back or relocation of plot fences in accordance with road reservations and new property lines;

- (v) removal and reconstruction of dwelling units presently located within road reservations or on a neighbour's property;
- (vi) relocation of any public services or other obstructions located within road reservations.

In addition, the project offers the option to extend basic urban services, such as roads, storm drainage, water supply and sewerage, either separately or in combination, to the selected upgrading areas. Most of these basic services are not implemented at the same time in every settlement because of affordability constraints or the residents' perceived priorities.

The following table sets out the options and approximate costs:

TABLE 5.2
Sites and Services Options and Approximate Costs

	Estimates (September 1983) Cost J\$ (US\$)		Estimates (September 1983) Cost J\$ (US\$)
Option 1		Option 4	
Minimum upgrading package -- legalisation/regularisation (including land purchase of average lot size of 35' x 70' (3,500 sq. ft. at \$1.00 sq. ft.))	3,500.00 (US\$1,966)	Option 2 plus 100mm PVC water reticulation network with individual lateral connections	8,000.00 (US\$4,494)
Option 2		Option 5	
Option 1 plus improved average 15' wide road network (including minimal storm drainage) of 9' base course with double surface dressing, curb no sidewalk	6,400.00 (US\$3,596)	Option 3 plus 14' x 18' 4-stall W.C. and shower, sanitary block with absorption pit	6,875.00 (US\$3,862)
Option 3		Option 6	
Option 2 plus 51mm PVC pressure pipe with standpipes serving 30-40 families each.	6,575.00 (US\$3,694)	Fully upgraded site Option 4 plus 200mm PVC plastic pipe sewage collection network with industrial lateral connection	9,950.00 (US\$5,590)

Role of the Formal Sector in Private Sector Housing Construction

From Tables 5.1 and 5.3 it can be determined that on average the private sector produced approximately 27 per cent of housing produced by the formal institutions, with the average reaching 33.7 per cent in the period 1981 - 1986. It should be noted, however, that statistics for the private sector since 1981 are for units of over J\$70,000 only, and the contribution to the sector by private developers is probably much higher.

TABLE 5.3
Housing Completed 1981 - 1986

YEAR	Public Sector	Private Sector	Total
1981	1838	466	2304
1982	5019*	1210	6224
1983	2406	2108	4514
1984	1265	1867	3132
1985	1005	861	1866
1986	1707	224	1931

* Includes Sites and Services Core units converted into Starter Homes

Source: Economic & Social Surveys - various issues

Table 5.3 above summarises the performance of both the public and private sectors for the period 1981 to 1986.

During the period 1971 – 1975, activity of the private sector declined as the major instrument for financing building activity, the Mortgage Insurance Law 1960, was no longer attractive and financing had to be found from other private sources, mainly the commercial banks.

Activity in the sector in 1976 and 1977 increased significantly; this was as a result of the expansion of Kingston into the parish of St. Catherine. Of a total of 3,214 units completed in 1976, approximately 2,685 units were constructed in Portmore.

Despite this increase in production, a number of factors adversely affected private sector housing after 1975. In response to the hardening of the real estate market brought about by the Duffus Commission of Enquiry, the lending sector adopted a more cautious and critical approach to their lending policies in relation to housing schemes. As a consequence, a number of developers were unable to obtain additional financing to complete their housing projects. This, among other things, forced a number of housing companies into receivership. Many of the projects were either abandoned or curtailed, or houses were brought to speedy completion and offered for sale at prices below original offerings.

One immediate effect of this decline in private housing construction was an increase in unemployment in the sector. This affected all categories including architects, engineers, land surveyors and quantity surveyors, many of whom migrated overseas.

In 1982, some confidence returned to the sector and there was an increase in residential construction activity. However, with continuing increases in construction costs, effective demand for housing has substantially reduced. This has in turn resulted in reduced activity by the private sector since 1983. In addition, high interest rates and multiple taxes on construction activity have affected productivity of the sector. Recently, most suppliers have restricted credit extended to contractors since current interest rates, which were as high as 33 per cent, have made this prohibitive.

With the National Housing Trust no longer supplying interim financing for private developers, these developers have shifted their focus to commercial and industrial construction. The few private developers now actively involved in housing construction rely on USAID and GOJ financed initiatives.

KEY ISSUES AND IMPLICATIONS

During the period 1971 to 1980 average annual production of housing units was approximately 3,940 units. This compares with 2,850 units in the period 1981 to 1986. A number of factors have been responsible for this decline in production, of which the most significant are:

- (i) decline in investment in the sector, particularly in Government allocations to housing
- (ii) the continuing increase in construction costs and the growing affordability gap
- (iii) Government policies, including interest rates and taxes in the sector.

The achievements of the Ministry during 1984-85 as compared with its original targets were particularly affected by cutbacks in budgetary allocations and reductions in the flow of funds from non-budgetary sources.

As a result, work was suspended on 1,793 units which were started in 1984. The Ministry of Construction (Housing) is now only recovering from this set-back. Disbursements from USAID, HG loans and an increase in budgetary allocations in 1985/86 facilitated the restart of most of these projects.

The major progress in terms of the National Housing Policy was made mainly in the area of restructuring of the public housing sector and redefining institutional roles within the sector. The Ministry of Construction (Housing) also made progress in the area of expanding its capacity to design, implement and deliver housing projects.

Very little progress was made in the area of controlling construction costs and there has been a widening of the affordability gap since 1982. Comparing household affordability levels to costs of production of housing solutions in government's programmes shows that a serviced plot, including land and infrastructure, costs approximately J\$15,000 (US\$2,750). This cost excludes all families below the 25th percentile on the income distribution curve.

A starter home, 288 sq. ft. covered space with land and infrastructure, now costs approximately J\$55,000 and is affordable down to the 50th percentile of the income distribution curve. Finished two-bedroom units costing about J\$85,000 could be afforded only by those at about the 65th percentile and higher.

Therefore Jamaica's Shelter Strategy requires adjustments and improvements in a number of areas. There has to be greater selectivity in regard to the types of programmes. The direct construction programme (2-bedroom units) has proved to be too costly. Methods of implementation have to be changed, as there is still a lot of waste and excessive cost escalation due largely to inadequate project management.

CHAPTER 6

FINANCIAL RESOURCES FOR SHELTER

Estimates of Resource Flows

Jamaica is well served with a network of financial institutions that mobilize savings which are channelled either directly or indirectly into the housing and mortgage markets. In general, the commercial banks are the chief mobilizers of savings in the country and are mainly concerned with satisfying the interim financing needs of the housing-related construction sector. On a more specific level, building societies are primarily involved in the granting of long-term mortgages. Between these two extremes, there are merchant banks, trust companies, credit unions and insurance companies which have a significant portion of their portfolio in housing finance. Of importance also are the specialised public sector housing finance institutions such as the National Housing Trust and the Jamaica Mortgage Bank.

Full and accurate information on the total flow of resources into the housing sector is not readily available. While data pertaining to the investments made by government as well as the volume of lending for housing made by the major financial institutions can be obtained, there is no ready source of information for the large bulk of the housing investment that comes out of private savings.

The breakdown of total investment in the construction sector given in Table 6.1 gives only the formal total volume of resources that were converted into housing. As a proportion of Gross Fixed Capital Formation (GFCF), housing investment varied from a low of 4.4 per cent in 1985 to a high of 12.0 per cent in 1980. Residential construction had absorbed 1.8 per cent of Gross Domestic Product (GDP) in 1980 and between 2.0 per cent and 2.5 per cent in the other four years. It is estimated that if the share of household resources was added residential construction would average between 2 and 4 per cent of GDP.

TABLE 6.1
Housing Investment 1980 – 1985 (J\$M – Current prices)

	1980	1981	1982	1983	1984	1985
1. Total investment in housing construction	83.0	96.8	117.2	168.4	129.1	107.6
2. Gross Fixed Capital Formation (GFCF)	690.1	953.8	1,167.8	1,417.4	1,962.5	2,473.1
3. GFCE (Construction Sector)	335.5	423.7	560.2	660.9	N/A	N/A
4. Gross Domestic Product	4,727.9	5,267.2	5,841.9	6,897.0	9,144.8	11,024.8
5. 1 as a percentage of 4.	1.8	1.8	2.0	2.4	1.4	1.0
6. 3 as a percentage of 4.	7.1	8.0	7.9	9.8	N/A	N/A

Sources: Planning Institute of Jamaica; --- Bank of Jamaica; Jamaica Mortgage Bank, MOC(II)

Another way of approaching the estimate of the total flow of resources into housing investment is to examine the total volume of house construction that has taken place annually in the period 1971 to 1985. The 1982 census indicates that the housing stock has increased from 427,000 units to 505,000 units. These additions to the housing stock during the period, against the background of a decline in housing production by the formal sector, indicate that the share of household resources which flowed into the sector would have been quite considerable.

Another important component of housing investment is the upgrading of stock whereby semi-permanent units are upgraded to permanent structures and various other improvements take place continuously, altering the quality of housing stock.

Unfortunately, information from the Statistical Institute of Jamaica gives no indication of permanent housing and semi-permanent stock to determine what percentage of the housing stock has been upgraded from the semi-permanent category.

When all these factors are considered together, one can determine that the flow of resources to the housing sector has been sustained at a reasonable level, with household savings contributing significantly, despite the high rate of inflation in the housing sector and the economy as a whole. The decline investment in the formal sector in 1984 and 1985 is a result of many factors.

High interest rates prevailing in the sector made the cost of borrowing for residential construction prohibitive and the public at large could not afford the products of the construction industry. In addition, as a result of Government's housing policy, the NHT is no longer involved in interim financing and thus an important source of lending to the private developers had dried up. On the other hand, the quantum of financing made available by the Trust to the MOC(H) for low income housing increased from J\$3.7 million in 1982 to J\$16.25 million in 1985. Despite the increase in quantum and share of interim finance to MOC(H), total disbursements declined significantly. In 1983 the Trust disbursed J\$104.4 million for housing construction, in 1985 this figure fell to J\$50.87 million. One of the reasons for this decline has been the slow pace at which the Ministry of Construction (Housing) has been able to turn over completed units to the Trust. In 1985 MOC(H) and its project managers completed work on 661 units while in the preceding years 1982 - 1984 private sector housing developers handed

TABLE 6.2

National Housing Trust Loans According to Income Level

Income Group (per week) J\$	Loan Affordability 25% Debt Servicing & 30 yr - Term	No. by Income Group	% of NHT Contributors
\$50 -- 100	\$14,230 -- 28,460	101,107	37.1
\$100 -- 200	\$24,479 -- 48,470	100,045	36.1
\$201 and over	\$43,791 and over	71,350	26.2
TOTAL		<u>272,502</u>	<u>100.0</u>

over an average of 1,728 units per annum to the Trust. In 1985, however, several schemes were completed by MOC(H) totaling 661

The data presented in Table 6.2 set out the problems which appear to apply to the large majority of households in the middle and low-income categories. In 1984, approximately 73.8 per cent of NHT contributors could not afford a housing solution costing over J\$48,470.00.

Despite the fact that the majority of the population cannot afford housing in the formal sector, data from the 1982 census on additions to the housing stock indicate that housing investments have taken place in all income groups and all housing categories. The bulk of the housing consists of small housing units in the single-room and two-room category, evidently being constructed and financed by the lower income groups. The other fact which needs to be borne in mind is that a good part of the resources which go into housing, particularly in the rural sector, would be non-monetised. This would include materials which are obtained from the locality, family labour and labour which is provided by the community or by neighbours. There-

fore the constraints imposed from the scarcity of financial resources should not be over-stated. It is worth mentioning here that it would be useful for a detailed study of the total flow of resources into the housing sector to be undertaken. This would provide a very valuable information base for the effective formulation of strategies regarding financing of the housing sector.

Flow of Household Savings into Housing Investment

No firm data are available with regard to the volume of household resources and savings that are directed to housing investment. The nature of the accumulation of savings that is undertaken by households for housing investments appears to be very diverse and heterogeneous in character.

A household may collect building materials over a considerable period of time with the objective of undertaking house construction and/or when the critical capacity for undertaking such construction is reached. Many households are prepared to occupy incomplete houses and undertake the completion over time when savings are available.

One major objective of employment abroad appears to be the accumulation of savings for investment in housing.

The three cases below illustrate the ways in which households mobilize resources to construct their homes.

CASE 1

Mr. O. acquired a lot of approximately 4,000 sq. ft. in size in the Urban Development Corporation Sites and Services project at Orange Bay, Negril (acoastal town 15.3 miles west of the Kingston Metropolitan Area, KMA). Mr. O, who is employed as a waiter in the tourist industry, made a downpayment of JS\$300. This money was obtained from his personal savings; he did not borrow any money. Instalments of JS\$65.00 are made quarterly. Title to the land will be handed over to Mr. O on completion of all his payments which is equivalent to two years' rental, or JS\$520.00.

Mr. O, his wife and five-year-old daughter live in an unfinished wooden two-room house, with an outside bathroom and no kitchen. A carpenter was paid to construct the house which Mr. O supervised. The structure, which is temporary, is not as originally intended, but it is what they can afford now. They hope to improve their shelter incrementally over time, until they own a concrete structure.

Mr. O lived in a village (March Town) in the Negril District rent-free for three months. He then moved to the town of Negril where he paid rent for a year. When the rent was increased he decided to sign up for the UDC Sites and Services project.

Mr. O paid cash for all materials bought to construct his house and sold a bike to purchase material. His wife was unemployed at the time and his earnings of JS\$180 per week represented the only source of income coming into the household. However, as construction progressed and cost of construction escalated, extra funds were needed to complete the house. A motor-bike was exchanged with his brother for the zinc for the roof of the house. Mr. O then moved into the house when it was half-finished: it had no windows, nor doors, just the walls and a roof. Although actual construction of the house took six weeks, Mr. O and his family lived in the house in its unfinished state for six months. At first one large room was constructed, and this partitioned as more money became available to purchase materials. By moving into an unfinished house Mr. O saved money used for rent and put this towards purchasing materials. Mr. O also borrowed money from his step-mother, which he has not yet started to repay.

Mr. O tried to get a loan from the Credit Union, but he did not have any security. The land being acquired through a lease/purchase arrangement meant Mr. O had no title which could be used as collateral. He tried to use his bike as collateral but this was not possible as the value was not sufficient to cover the amount he wanted to borrow.

Mr. O is about to sell another bike to repair his house. The wood used in constructing his house is rotting as it was not painted. Mr. O has indicated that his present situation is an improvement over his previous shelter arrangements because "I own this" He said his family would have moved even if the site was not serviced because it would be their own.

CASE 2

Mrs. I, her husband and three daughters have lived in their present residence for ten years. The house, a permanent structure, has three rooms and is made of concrete with a zinc and plyboard roof and concrete and tiled floor.

Mr. I hired a small contractor to undertake construction, which he supervised himself.

The family lived in Rose Lane in downtown Kingston Metropolitan Area before moving to their present location at Wareika, a squatter settlement on the fringes of the KMA. Overcrowded living conditions, political violence and problems with neighbours were the reasons why the family moved. They are at present squatting on Government-owned lands on a plot of about a quarter acre. The plot was undeveloped, although gravel roads did exist when they moved to the site.

Mrs. I and her husband have been improving their structure incrementally over time as funds became available. Because of the difficulty in obtaining money the house has taken ten years to reach its present state of construction. The house has not yet been completed and the foundations have been laid for three additional rooms.

The bedroom was the first room completed, the hall and other rooms came later. The hall took the longest to complete as the family wanted a tiled floor, but did not have enough money to purchase the materials. The family moved in when one room was tiled and the house not painted. Some rooms in the house have concrete floors as Mrs. I has not been able to afford tiles for all the rooms in the house. Both Mr. and Mrs. I are unemployed at the present time. However, because of political violence construction was accelerated to bring the house up to its present state of completion. Mrs. I also owns a 7,500 gallon water tank which cost J\$6,000.

Materials used in construction were purchased for cash. Personal savings were used to purchase these materials. Mrs. I was not aware at the start of construction how much it would cost to complete her house. Because of this her completion schedule has been drawn out, and completion is entirely dependent on the availability of funds.

Mrs. I tried to obtain a loan from the National Housing Trust but was not successful.

She used the "partner system"^{1/} as means through which she financed the completion of the structure. She found "partner" extremely useful as a funding source for several reasons. Its advantages are: you do not need collateral to "get a hand" and if one has a problem it can be discussed with the "banker" and she will try to help you in a difficult situation. Mrs. I received no help from friends or family to purchase materials for construction.

Mrs. I considers "adequate shelter" as one room plus a bathroom and a kitchen and sufficient land space to allow one to expand the structure over time. In addition, water and electricity should be provided. Mrs. I feels that Government should provide a basic unit and a loan of about J\$1,200.00 as a start, so that one can still earn a living.

Mrs. I, indicated that she would have put up a permanent structure even if the land was privately owned.

CASE 3

Mrs. Y, who is a pensioner, lives by herself in Central Kingston. She has been living at this site for twenty years and owns both the land and the house. She lives in a one-bedroom house constructed of concrete, with a tile and wooden floor and a zinc roof. The construction of the house was supervised by Government and the blue print for the house was also supplied by Government, as part of an area being re-developed. Construction was undertaken by a friend who was a contractor and the entire structure was built at the same time, and Mrs. Y moved into a completed unit. Prior to moving into the area Mrs. Y lived abroad.

Mrs. Y financed construction of her home by various means. Through the Urban Upgrading Scheme she was able to take out a loan for fifteen years. She is still repaying the loan - J\$43.00 monthly - although she used to pay more for her monthly instalments. She also borrowed money from a friend interest-free. She also used the 'partner' system during construction. She considers 'partner' as being helpful because of its advantages, such as, one can get money quickly without collateral. The bank requires some form of security; the "partner system", however, does not make you a credit risk because you lack security and does not ask you about your credit-worthiness. Mrs. Y found her family and friends very important in financing the construction of her home; her grand-daughter helped her to finance completion of the unit.

Mrs. Y feels that starter homes comprise adequate shelter; people should be given a start which they can improve as they wish.

1/ Partner system - Informal system of credit whereby participants contribute a set sum of money weekly or monthly for a specified period. Each person participating receives "their hand" on a rotating basis. Money is collected by a "banker" who often is a woman.

In all three cases, income from employment and personal savings played an important part in the construction of houses. Financial help from family and friends and the sale of assets were also essential. In all three cases, loans were sought from the formal financial institutions, but because of strict rules, most people resorted to the informal "partner system" as their main loan source.

Future Investment Needs for Shelter

The Housing Needs Assessment - Chapter 2 has computed the total investment necessary based on three scenarios. The three scenarios range in total investment required from about J\$1 billion annually under Scenario One to about J\$715 million annually under Scenario Three.

The variation between scenarios in affordability levels is even more dramatic than the variation in investment levels. Households can only afford about 70 per cent of Scenario One's total investment requirement, compared to over 95 per cent for Scenario Two, and 100 per cent for Scenario Three. Thus, the total subsidy - computed as a one-time capital grant - that would be required annually to achieve the planning targets of the three alternative scenarios ranges from an average of J\$285 million under Scenario One to J\$29 million under Scenario Two and nothing under Scenario Three.

Under Scenario One, more than half of all the households scheduled for new or upgraded units require assistance; while only about one in five need help achieving the targets of Scenario Two; and none need subsidies under Scenario Three. Some households will of course receive assistance even under Scenario Three as the model analyses affordability in terms of median incomes of each quintile and therefore overlooks the fact that the poorest households may be unable to afford the cheapest solution.

Because the public sector's new construction solution under Scenario One is so costly, households in all five quintiles would need assistance. In fact, if sufficient subsidies were provided to achieve Scenario One's targets, almost one-quarter of the households receiving subsidies would be in the top 40 per cent of Jamaica's income distribution.

Under Scenario Two, only households in the lowest income quintile would need assistance, while under Scenario Three - with its reliance on the provision of serviced sites only - all households could, in principle, achieve the planning targets.

How should the subsidy estimates be interpreted? It may be feasible to provide the J\$65 million per year in assistance implied by Scenario Two, but the J\$285 million required for Scenario One is clearly unrealistic. Moreover, it would not make sense to implement a subsidy programme with more than one-fourth of the beneficiaries in the top half of the income distribution. And finally, a planning scenario that makes virtually all households dependent upon the public sector for formal housing solutions has little hope of success. Even with substantial public resources, the public sector cannot be expected to meet the needs of all households requiring new units over the next two decades.

The large size of the target group (households dependent on public sector solutions) is also a problem under Scenario Two. Subsidy levels are only 10 per cent of what is required by Scenario One, but roughly 24 thousand households per year would rely on the public sector for new units or upgrades. Thus, Scenario Three offers two major strengths. First, by offering serviced sites as the public sector solution, Scenario Three brings annual subsidy requirements close to zero. And second, by relying on individual households to build their own units on serviced sites, this scenario takes maximum advantage of the capacity of the informal sector.

Some households will, of course, require assistance, even under Scenario Three. The Housing Needs Assessment analysed affordability in terms of the median income of each income quintile. Therefore, it overlooks the fact that the poorest households in quintile one may be unable to afford even the site and service solution.

The Potential Based on Existing Capacity

The prospects for housing investment and the flow of resources for such investment could be assessed by examining current trends and by comparing this with the resources needed to meet future shelter needs. During the period 1980 - 1985 investment in housing as a proportion of GDP rose from 1.8 per cent in 1980 to 2.4 per cent in 1983, but fell to 1.0 per cent in 1985. It is unlikely that housing investment will continue its downward trend in the future, but what is likely and more feasible is some increase in the level of housing investment, although not up to the 1984 GDP level.

Within this broad framework it would be possible to examine the requirements of financial resources for the housing sector. Table 6.3 examines investment outputs for the public and private sector during the period 1980 - 1985.

TABLE 6.3**Housing Investment 1980 - 1985 (J\$M)**

	1980	1981	1982	1983	1984	1985
1. Total investment in housing construction	83.9	96.8	117.2	168.4	129.1	107.6
2. Public Sector	83.0	88.3	100.0	138.9	106.0	90.1
3. Private Sector	0.9	8.5	17.2	29.5	23.1	17.5

Average annual subsidy requirements set out in Chapter 2 indicates that Scenario Three is the most reasonable option. However, Scenario Three that of providing serviced lots for the entire nation, is clearly an unrealistic solution. Therefore, based on Table 6.3, a combination of Scenarios Two and Three appears to be within the financial capabilities of the country. These estimates broadly indicate the resource flows that might be possible and feasible and the targets that could be set within the financial parameters for satisfying future housing needs.

MAIN SOURCES OF FUNDS FOR HOUSING

The Public Housing Finance Sector includes the National Housing Trust (NHT), the Jamaica Mortgage Bank (JMB) and the Caribbean Housing Finance Corporation (CHFC). An integral part of the 1982 National Housing Policy was the restructuring of the housing finance delivery system. The Policy seeks to reduce the housing shortage by mobilizing loan funds locally and overseas and reorganizing government agencies with overlapping functions and high operating costs along more efficient lines. Government has already taken definitive action to implement many of the policy objectives. The framework contains the following institutional objectives and responsibilities.

PUBLIC SECTOR**1. National Housing Trust**

The 1982 Housing Policy calls for the NHT to concentrate exclusively on providing and servicing primary mortgages to its contributors who purchase houses built by either the public or private sector. It has therefore ceased to perform the role of developer and discontinued the practice of providing interim financing to private developers.

In its lending policies, the NHT will:

- provide mortgages to qualified contributors on a basis which takes into account their income distribution
- select beneficiaries on the basis of a priority entitlement index
- structure its lending rules on a basis which allows lower interest rates to be applied to lower income groups
- provide take-out mortgage commitments to private developers of approved projects

As of December, 1985, there were 16,739 mortgage loans representing completed scheme units together with BOL/HI benefits. The vast majority of benefits have been for housing in new projects (11,534) versus Home Improvement (HI) loans (2,273) and Build On Own Land (BOL) (2,445).

Significantly, approximately 75 per cent of these benefits were awarded to those earning less than the median income. As of December, 1985, the value of the mortgage portfolio was J\$5.32 million (US\$96.8 million).

In an effort to leverage private sector funds that are available the NHT recently announced a mortgage certificate, that will blend public and private funds so that more affordable loans can be extended to more households without making additional demands on public resources. This instrument allows NHT to mix funds with those of the Building Societies.

2. Jamaica Mortgage Bank (JMB)

The 1982 National Housing Policy recommended that the JMB discontinue both its primary mortgage and interim financing activities and concentrate its energies on -

- mobilizing funds from local and overseas sources to be deployed on a wholesale basis to primary mortgage institutions to facilitate new housing construction,
- secondary market operations geared to ensure a steady flow of funds into housing construction;
- providing mortgage insurance coverage to facilitate higher levels of investment by private investors;
- issuing Housing Bonds aimed at absorbing refundable NHT contributions mobilizing additional savings and increasing the supply of funds for housing investment.

It was anticipated that the JMB would become a principal mobilizer of finance for the sector and that it would play an important role in ensuring a level of liquidity which would be conducive to housing development. This, however, has not materialized. The bank instead has continued on its path of the late 1970s, that is, as borrower and distributor of USAID HG loans.

The JMB's role needs to be clarified and the initial policy decisions re-assessed since the JMB has not been able to operationalize any of the policy objectives set for it in the 1982 NHP.

3. Caribbean Housing Finance Corporation (CHFC)

Under the 1982 Housing Policy, the CHFC will be responsible for:--

- providing and servicing mortgages to qualified persons who purchase houses built by MOC(H)
- servicing the existing mortgage portfolio of MOC (H).

From its original mortgage portfolio, the MOC(H) handed over approximately 85 per cent of its sale agreements for servicing by the CHFC. The CHFC is experiencing a 70 per cent repayment rate and finds that its major problem is that although there are householders wishing to close off their account, there is difficulty in ascertaining the balance due. The collection of mortgages is done through the existing network of the CHFC, National Commercial Bank Branches which are located island-wide serve as collection points, or where there are no branches, the Bank of Commerce is used.

Where beneficiaries are not NHT contributors the MOC(H) originates mortgages and the CHFC does the servicing. The CHFC is not yet financially able to originate a large number of mortgages.

The National Housing Policy is aimed at reducing the duplication of effort among these three institutions and provides, in effect, that the NHT focuses on mortgage lending; the JMB on domestic and foreign borrowing and on serving as a central bank for other housing finance institutions, and the CHFC on offering mortgage collection services for the country's various financial institutions.

PRIVATE SECTOR

Within the private sector, mortgage financing is carried out by privately-owned building societies, merchant banks and trust companies, insurance companies and the credit unions.

Unfortunately, the economic climate has kept private sector institutions out of the housing finance system. The high interest rates which prevailed late in 1984 through 1985 (29 per cent) made the cost of borrowing for residential construction unattractive.

1. Commercial Banks/Merchant Banks/Trust Companies

The role played by the commercial banks, trust companies and merchant banks can be considered together. It is normally felt that commercial banks deal with short-term operations while merchant banks and trust companies deal in longer term operations. While this is partly true in that very few merchant banks and trust companies are in effect involved in very short-term operations, this is not necessarily true of the commercial banks.

Commercial banks also deal in long-term operations, committing substantial funds to mortgage loans, for example. Thus it might be more accurate to say that commercial banks deal in short to medium-term operations, while merchant banks and trust companies specialize in medium to long-term operations.

2. Insurance Companies

Life insurance companies are in second place after commercial banks as mobilizers of savings in the country. Their principal liabilities include their regular long-term funds and their pension funds representing 77 per cent of total liabilities. Investments, mortgages and loans, account for 83 per cent of their total assets.

Their size, combined with the flexibility of their operations and particularly their long-term operations, give life insurance companies significant growth potential.

3. Building Societies

From the standpoint of assets, third place goes to the building societies, whose growth has nevertheless fallen short of what would seem possible for the financing of construction activities from private savings.

Building Societies are by far the largest and most established of the private sector finance institutions. At September, 1986 mortgage advances totalled J\$58.36 million; and in 1985 they accounted for 33 per cent of total mortgage financing advanced to the sector.

4. Credit Unions

For the Credit Unions and their umbrella organization, the Jamaica Co-operative Credit Union League, their performance level during the period 1981 to 1985 is directly related to loans of J\$8.0 million from the USAID HG Programme at 10.5 per cent interest. Over the period of two and one-half years from June, 1981 to December, 1983 Credit Unions had placed 4,817 home improvement loans averaging J\$1,000.00. An evaluation of this programme reveals that most borrowers opted for small loans which they repaid within a two-year period.

On an on-going basis the JCCUL has a special 'Housing Fund' to which Credit Unions make set lodgements at rates of 7 per cent. The JCCUL in turn makes mortgage loans of up to J\$50,000 to members at a rate of 13 per cent. A 1984 survey of Credit Union members revealed that the median household income was J\$9,839. At the proposed interest rate this could afford a mortgage of J\$17,485.

Despite the loan ceiling of J\$50,000 the income profile of the average Credit Union family reveals that they could not access this mortgage. Credit Union mortgage and home improvement loans will undoubtedly continue to be an important source for financing upgrading efforts.

KEY ISSUES AND IMPLICATIONS

The above estimates broadly indicate the resource flows that will be necessary and the targets that could be set within the financial parameters for satisfying future needs. While recent attempts by government to reform the housing finance system were directed at the structure of the housing finance system, the Shelter Strategy will address the issue of expanding access to housing credit. The housing finance problem requires the reconciliation of three partially conflicting objectives:-

- affordability of households
- viability of financial institutions
- resource mobilization for expansion of the housing sector.

A financing strategy for housing which is directed at achieving this objective also has to work within broad macro-economic constraints. It may not be feasible or desirable to divert a larger proportion of savings that are currently being mobilized in the economy to expand, even marginally, the rate of housing investment. A diversion of resources from the available pool of savings to finance a higher level of housing investment, which at the same time would require a larger proportion of imports, may have adverse consequences for the development effort in other sectors. Therefore, while seeking to maintain the current levels of investment, the financing strategy should primarily aim at generating new savings which are specific to housing and which would not normally have been forthcoming for other investments.

The mobilization of resources at the desired levels will, however, require the right mix of public and private sector investment in housing, a well-organized flow of financing through lending institutions, and a framework of incentives which promotes private savings and directs them to housing.

There is an assumption here that the propensity of households to save for housing has certain features which generate savings.

which may have otherwise not been generated. This is discussed in greater detail in three case studies in a previous section of this chapter which examine the complex process of savings and borrowing which goes into individual housing investment. At the same time, owing to budgetary constraints and more selective allocation of resources for development, the public sector share of housing investment has declined from the peak levels of 1982 – 1984. It is probably this public sector investment which made it possible to sustain the growth of housing sector investment during those years. This means that other sources of financing would have to increase proportionately if such a rate of growth of housing investment were to be maintained in the future.

The issues of the housing finance delivery system which must be addressed in a National Shelter Strategy are:–

1. Interest Rates

One of the budget constraints preventing housing finance institutions from expanding their services is the small volume of resources available for housing credit. Mobilizing resources, particularly savings, is thus seen as a critical element in developing a viable housing finance system that is able to serve a significant portion of the housing market.

Lower interest rates on long-term finance are often advocated as a possible remedy for the fact that very few households in Jamaica can afford to assume a mortgage large enough to pay for a one or two-bedroom house. But reducing mortgage interest rates will not solve the affordability problem. The National Housing Trust is already making loans at interest rates below the prevailing inflation rate, and even at these very low interest rates, households in the bottom two-thirds of the income distribution cannot afford the cheapest one and two-bedroom houses currently available. Only households in the highest income quintile – borrowing from the Building Societies – are actually paying positive real interest rates for mortgages. Lower interest rates on these Building Society loans would have to be accompanied by reductions in the rates the Building Societies offer to the depositors, ultimately reducing the pool of funds available for mortgage lending.

If efforts to design more affordable housing solutions and boost private-sector development are successful, more capital will need to be attracted into the housing sector. The excess liquidity that exists in the housing finance system today would be absorbed quickly if households were offered opportunities to buy cheaper housing.

2. Subsidies

Of particular concern is the fact that there are two interest rate structures operating in the sector: the public sector part is subsidized, while the other is un-subsidized. On the whole, interest subsidies are far more expensive over the life of the loan than one-time up-front capital subsidies. In addition, the subsidy is locked in for the life of the mortgage when people can afford to pay more. In order to overcome this situation and reduce the use of subsidies, Government introduced graduated payment mortgages (GPMs) on all its schemes. Through the use of GPMs affordability is increased while at the same time interest rates are moved gradually towards market rates.

3. Cost of Financial Services

Currently, Trust Companies and Building Societies lend almost exclusively to high-income households, and the NHT provides few loans to its poorest contributors. This may stem from the absence of affordable houses on the market, but it may also be attributable to unreasonably high or arbitrary underwriting standards.

Some of these costs are administrative and can be reduced by improving the efficiency of an institution's operations. On the whole, however, these costs reflect mainly the risk of the loan but are also related to the larger economic issues and the overall development of the financial sector.

The attitude of private sector mortgage institutions towards low-income housing is that this is the responsibility of Government. This stems from the fact that they are commercial operations and are basically custodians of other people's money and, therefore, have a duty and responsibility to see to it that those funds are invested in such a manner as:

- (a) to provide security; and
- (b) to provide a satisfactory rate of return.

They are also competing in an open market, but at the same time these institutions need to take a more realistic attitude towards the risks that are involved in low-income housing development. Private sector mortgage institutions tend to shy away from the low-income housing sector, because they consider it too risky an investment.

Profit is the reward for taking risks and more can be done, both on the part of the private sector mortgage institutions

and government, to find a way such that the resources that they have, which from time to time are being under-utilized, can be targeted to that area of the housing market for which supply is still inadequate. To increase the range of income groups served by private mortgage lenders and by the NHT, government is exploring mechanisms such as mortgage insurance for reducing risks.

In summary it can be said that several options need to be considered to expand the flow of resources and to extend the reach of institutions to the lower income groups. There is scope for greater flexibility in interest rates and lending packages. The information available in the entire field of institutional lending for shelter has not been systematically studied and analysed and a study of this type is recommended.

There also are other possible sources of finance which need to be explored. Finally, the institutional framework for shelter financing could be further reorganised and rationalized.

CHAPTER 7

LAND FOR SHELTER

Introduction

The rapid increase of population, the changing structure of the economy and the process of urbanization and commercialization, all combine to exert severe pressure on available land resources. A wide variety of factors affects the availability and use of land for housing. These factors have significant impact on the volume and location of housing investment and the growth of the housing stock.

The problems of land and housing availability for the poor are not due to a lack of land but rather to the lack of a system of delivering this land which makes it legally accessible to the poor, viz:

- (1) The cheapest developed lot in the open market is too expensive for a large proportion of households;
- (2) Government is unable to undertake land banking and development at a cost affordable to the poor;
- (3) Land costs in suitable locations for low-income housing are high;
- (4) Land use controls and regulations constrain large scale, low standard development.

Large numbers of people in the low-income group are not in possession of proper land for housing or the financial means to acquire such land. They therefore resort to squatting either free of cost or as lessees. Many households also lack stable employment which prevents them meeting conventional land purchase requirements. In addition, even among those who have an income it is often too small to allow them to participate in the formal land market.

As shown in Chapter 2, a serviced plot including land cost and infrastructure, costing approximately J\$15,000 (US\$2,750.00) in 1986, excluded those families below the 25th percentile on the income distribution curve.

In a situation where resources are scarce, Government has been unable to adopt a continuous process of land acquisition and disposition on a scale that matches the needs of households excluded from the formal market. This has been due in part to the fact that it is becoming increasingly difficult to identify new sites which meet the MOC(H) selection criteria, are affordable to the target group, and comply with Town Planning Department regulations and development guidelines. The latter is particularly true of development outside of the Kingston Metropolitan Area.

The factors that make secure tenure and access to land for the urban poor so problematic are also related to the issue of financing and land use controls. As indicated earlier, only a small percentage of households are wage and salary earners and, as such, eligible for conventional lending programmes. Further, conventional financial institutions seldom lend money to the urban poor for land purchase.

Further, the problems that make land acquisition and security for the urban poor so difficult are becoming increasingly acute because land costs and scarcity are increasing as both inner-city land and peripheral lands become more intensively used and more desirable. Because of the rising cost of land, an increasing number of land-owners are holding on their land rather than renting it or subdividing it for low-income and disadvantaged groups.

The increasing demand for urban land and the scarcity are reflected in the steep and rapid increases in the prices of land in and around the Kingston Metropolitan Area.

TITLE PROCESS

The lack of adequate information about land, particularly urban land, also creates problems which constrict the urban land market and interferes with important development projects.

The length of time required to obtain a clear title is a severe hindrance to a smooth housing delivery process. The average time falls anywhere from six months to several years. The problems with this process have implications for both private and public sector transactions. For example, if a building society has a clear title and wanted to sell a mortgage to JMB, it could take another six months before JMB received a properly recorded deed. Thus a period of twelve months could transpire between origination and sale.

For the public sector, there have also been numerous problems in providing clear titles. As a result, NHT, for example, does not yet have clear titles from MOC (H) for some of the properties it holds as mortgage.

MOC (H) has customarily turned over the parent title to NHT while working on the splinter titles. However, NHT refuses to accept delivery without a splinter title, which may mean a delay of six months from the time of completion of a project until the mortgages are issued.

Part of the problem relates to the fact that in the past it was invariably the practice of MOC (II) to allocate houses on the basis of sales agreements only and not on the basis of mortgages recorded and registered on the Certificate of Title. In many instances, it was only after several accounts on a scheme were closed that steps were taken to secure individual Certificates of Title. This often involves tedious steps to secure the parent title (if it does not already exist), surveys to determine precisely the individual lot boundaries, preparation and submission of pre-checked plans and application to the Registrar of Titles for individual Certificates of Title.

The other part of the problem for both the public and private sectors is to streamline the process. This effort would require a great deal of investigation, as it is not clear why it should take six months to record a title, nor what procedure might facilitate the process.

SECURITY OF TENURE (TITLE)

Improvement in land administration is an area where the public sector must play the principal role of bottlenecks in the supply of housing are to be removed from land systems. Cloudy titles and lack of tenure have proven to be one of the biggest obstacles to expanded investment in housing. If the owner has no tenure, even a well-constructed house is useless as collateral for formal credit.

The importance of security of tenure to households in Jamaica is demonstrated by the fact that in most squatter communities houses consist of discarded material, while appliances and furniture are of more substantial quality. Squatters live with the fact that quit notices can be issued at any time and they must move quickly.

Provision of security of tenure and upgraded facilities in the Squatter Upgrading Programme has resulted in considerable improvement to existing structures and increased construction activity in all but the poorest communities. The reason for the latter are:

- (i) lack of employment opportunities;
- (ii) overcrowding; and
- (iii) nature of tenure.

Leasehold tenure has not allowed the beneficiary to use his property as collateral for mobilizing funds to improve his shelter, hence the change to freehold.

The problem of access to land is an important issue in all major towns in Jamaica where urbanization is accelerating rapidly.

For example, the Ministry of Construction (Housing), recognising the housing problem in Montego Bay and the shortage of land to deal with the problem, acquired 100 acres of land. However, before MOC (H) could begin planning development, it had to deal with the fact that there was little land available as it had been squatted on, and the type of shelter ranged from semi-permanent to substantial construction.

Households often have available resources, or access to resources, but lack the security of tenure or access to land necessary to provide their own shelter. The three cases set out below illustrate the ways households deal with the issue of inadequate access to land.

CASE 1

Mr. T, his wife, four children and granddaughter have been squatting for thirty-five years at Tawes Pen in Spanish Town, a city within the Kingston Metropolitan Region. The house which is semi-permanent is located on the banks of the Rio Cobre Canal, and is a three-room wooden house with a zinc roof.

The house was constructed by a small contractor and took approximately one year to complete. Mr. T supervised the construction. He had intended to build a concrete structure, but because the lands did not belong to him a wooden structure was erected instead.

The house was constructed in two phases. In the first phase two rooms were constructed, and his son added a room and a verandah in the second phase. Both phases were constructed over an extended period because of lack of money. All materials were purchased for cash, both the lumber and blocks which were used as corner posts.

Employment and personal savings were the main sources of funds for constructing the house. Mr. T is a farmer, his wife does selling and three of his children are employed.

Mr. T also used the "partner system" to assist him complete construction. He never tried to get a loan because the land does not belong to the family and so he had no collateral to get a loan. He received no help from family and friends, although in the later stages his son helped by adding one room and a verandah.

Mr. T has been living on this site for over thirty years. Prior to moving to Tawes Pen, Mr. T lived at Brunswick Avenue, in the central slums of Spanish Town in a one-room concrete structure for three years. When Mr. T moved to the site there were no services. Access to the plot is by a track along the canal bank. Electricity is now obtained from a neighbour. However, Mr. T moved to this site, to be on his own and escape the overcrowded conditions of the city.

CASE 2

Mrs. J is the female head of a household which consists of six children, her daughter's common-law husband and their two children. Mrs. J has been living in Jones Pen, Spanish Town, on lands passed down from her parents for over forty years. Spanish Town located within the Kingston Metropolitan Region is fourteen miles from the Kingston Metropolitan Area. The structure which has a concrete and tiled floor, a zinc roof and walls of concrete and bagasse board contains four bedrooms, a living room, a kitchen and a bathroom.

The house took sixteen years to reach the present state of completedness, a section of the house still remains unfinished. A small contractor was used to construct the house and supervise construction. The house was constructed in two phases. In phase one, three bedrooms were completed, and in phase two, two rooms made from bagasse board with concrete flooring were added. The bedrooms were constructed first, with the kitchen and bathroom added to the house in 1985. All materials used in construction were purchased for cash. The house was constructed incrementally as money became available to purchase materials.

The family moved into the house before the entire structure was completed.

No member of the household is employed at the present time, and four members of the household are students. At the time the house was being constructed employment and personal savings were the main sources of income used to erect the house. Mrs. J also received maintenance for her children from their father and she used some of this money for construction. In the

latter stages of construction the family was also important. The eldest daughter of the household paid for the construction of the bathroom and is adding a bedroom at the present time. Mrs. J found the "partner system" very helpful in completing the house. Its main advantages are that one can get a lump sum which can be repaid gradually without having any collateral. In addition it is easier to deal with the people in the community -- the "banker" will understand your problems.

Mrs. J lived in the urban area of Spanish Town for approximately seven years before moving to Jones Pen on land which she inherited from her parents. When Mrs. J moved to Jones Pen there were only three other houses in the entire Jones Pen area.

Mrs. J considers her present location an improvement over her previous residence (despite the fact that it had no services when she moved there) as they now occupy "family" land.

CASE 3

Mr. R and his wife have been squatting at Rose Heights in Montego Bay since 1960. The two-room permanent structure is constructed of wood, concrete and zinc. The house was built by a small contractor and construction was supervised by a carpenter. Foundations have been laid for an additional room which will be built of concrete.

The wooden part of the house took two months to construct, the concrete section took approximately three years because it was more expensive and therefore dependent on the availability of money.

Mr. R and his wife moved into the wooden structure before it was finished, the roof was completed but not all the walls. Wood was used initially in construction because it was cheaper, however, the remainder of the house was started in concrete because it was more durable.

Mr. R is a farmer. Having lost a leg in an accident, he cultivates foodstuff and rears chickens and other animals which he sells to help finance the concrete structure he is erecting. His wife is a domestic helper and her earnings are instrumental in helping to finance construction. Personal savings is the only other source of funding used. Mr. R has not tried to get a loan, he has not borrowed from family and friends and he has not used the "partner system".

Mr. and Mrs. R moved from Mt. Salem (a densely settled urban community just outside of Montego Bay) in 1960. He moved to Rose Heights because it was more convenient. The lot of land is large enough to allow him to farm. In addition, he now owns his own house. When Mr. R moved to Rose Heights the area was undeveloped.

In all three case studies, families moved from densely settled urban slum conditions to an area where they were able to have a larger lot of land. In all cases the fact that the household was now able to own their own homes was very important. In all cases households moved to unserviced sites, but this they considered an improvement because they were able to own their own house. In two cases security of tenure influenced the type of construction material used.

KEY ISSUES AND IMPLICATIONS

In order to ensure an adequate supply of land for the poor a number of interventions by Government in the land market are seen as a necessary part of the National Shelter Sector Strategy. While the lack of credit is recognised as a major bottle neck in the production of housing, it is not the only constraint. Poor land management is an important non-financial barrier which serves to block the flow of institutional credit into housing.

In this situation the approach to the problem of land for urban housing will have to be multifaceted. First, it must include strategies which are designed to augment the supply of land for house construction. Second, strategies and programmes will have to be directed at ensuring that the available land is used with the greatest efficiency.

AUGMENTATION OF LAND SUPPLY

In regard to the augmentation of the supply of land, there are several possibilities, some of which have already received the attention of Government.

1. Land Acquisition and Disposal

Significant amounts of land are rarely made available for the poor by Government. Government acquisition on a large scale can produce problems in land management and disposal, although it may be appropriate in some situations. However, government must ensure an adequate supply of land for low-income housing and the control of market prices both through direct and indirect measures.

The land owned by the state is an important resource from which land could be made available for urban housing. It can be a critical factor for stabilizing prices at a time of acute land scarcity and rising land prices.

While the Commissioner of Lands is the principal authority responsible for the management and allocation of state land, there is a considerable extent of state land, vested in the Ministry of Housing, a Corporation Sole, public corporations and local authorities for various purposes and uses. There is at present no full inventory of the available government land in the island. Government should therefore take an inventory of all state land in the island, giving high priority to land in the urban sector.

The under-utilized and other types of government-owned land which would be available for shelter can be identified through intensive surveys. Thereafter government would have to prepare a comprehensive plan to obtain the best use of these land resources.

2. Land Tenure

Concentration of land ownership with individuals or organizations does not allow the urban poor access to land. Squatter and users' rights have generally been pre-empted by ownership claims, either by the public or private sector. Legitimization of informal claims and conversion of users to owners can be effective in assisting the poor to obtain access to land for shelter. The tenure system should recognize and protect customary rights holders along with users of the land and should provide a facility for rights holders, tenants and users to share together in the process of urban development.

OPTIMAL USE OF LAND

It is extremely important to practise economy in land use in a country which has a growing population but limited land area. Land acquisition programmes for new home building should be co-ordinated with the renewal of old cities (KMA, Spanish Town) with emphasis on rehabilitation.

Strategies and programmes which have high priority for the use of land in the urban areas are those that deal with the problems of slum and squatter settlements. Although some of the squatter settlements now occupy land which is either unsuitable or would not be available for permanent construction, a large share of squatter settlements and almost the entire stock of slum houses occupy land which in many instances is of very high commercial value. The value of land itself is several times that of the sub-standard housing units located on it.

Both short-term and long-term policies in regard to squatter communities and slums should, therefore, be formulated with a view to making use of land occupied by them, as well as satisfying the shelter needs of the population which at present occupies the housing units on this land.

It may not be feasible to limit strategies entirely to upgrading the improvement of the sub-standard stock while retaining them in their present locations. The housing Needs Assessment (Part I) estimates that approximately 8 per cent of housing stock in the KMA is not upgradable. Several alternatives will have to be considered, depending on the location of the slums and squatter settlements. Where land values are high, relocation should be considered as an alternative. In other areas where land values are lower, upgrading is proposed.

Where relocation is considered for high-value areas, various alternative solutions are possible. Part of the land could be used for low-rise construction to rehouse the present occupants in the sub-standard units, and part released for alternative uses commensurate with the value of the land. It is possible that many such schemes could be made attractive to private developers who would bear at least part of the relocation cost. In some instances, a private developer may be prepared to pay the purchase price to owners if they accept it collectively and release land for re-development.

A project which addresses some of these issues, the **Restoration of Downtown Kingston**, has been developed by private sector interests and a company, the Kingston Restoration Company Limited (KRC), has been established to administer the project. The area slated for restoration by the Kingston Restoration Company Limited is part of the area considered in the market demand analysis of the KMA. The project aims to improve 50,000 sq. ft. of factory space and 50,000 sq. ft. of commercial space. Work has already started on empty premises to provide 20,000 sq. ft. of factory space. Towards this end USAID has made a grant of US\$6,875.00 to the company over a thirty-nine month period, and shareholders are being asked to subscribe to the initial share capital of JS300,000.

Most of the ingredients of a comprehensive strategy are already available in plans that have been prepared and projects that are being implemented. The areas which should be considered for relocation, upgrading and so on, have also been broadly identified. On the basis of existing experience and information, the Town Planning Department, Urban Development Corporation and the Kingston Restoration Company Limited should be able to prepare a well-defined plan of action, spread over a period of about ten to fifteen years. This could be done after clearly designating areas under the different components such as upgrading and relocation, and testing the different solutions for financial viability and acceptance by the households involved.

DECENTRALISATION

While a limited component of low-rise construction may well have a place in the city of Kingston, it will be necessary at the same time to control the increase in density and ease the pressure on land in the centre by promoting housing development outside of the city as an integral part of a strategy to cope with the urban land problem. The expansion of shelter into the semi-suburban areas is intrinsically linked with integrated planning for the Kingston Metropolitan Region as a whole.

A number of nodes of urban activity which can contain and reduce the centrifugal pull to the metropolitan centre must be encouraged. The pattern of urban expansion that is envisaged is not one of dormitory satellite communities which commute to the centre for employment and services. What is being suggested is that these urban nodes would themselves be centres of employment, having well-developed infrastructure in health, education, recreation and other important services as part of a long-term strategy. An issue which must be resolved in such an approach, however, is the conflict between land for agricultural and urban use.

LAND USE CONTROLS AND STANDARDS

Many urban development planning strategies and standards produce ineffective use of land and restrict the possibilities of low-income families to obtain land. A number of interventions are recommended at the lowest practicable government level. These include establishing minimum land-use and building control provisions and standards for sites and services and community facilities consistent with the protection of health and safety. Integration of productive activities in low-income settlements should be emphasized to provide a basis for cross subsidization and employment for the poor.

LAND INFORMATION SYSTEM

The need for a cadastral map of Jamaica is also critical. The Survey Department which has responsibility for such an exercise has started preliminary work in this area.

CHAPTER 8

BUILDING MATERIALS, STANDARDS & TECHNOLOGY

The issues of concern in this Chapter can be grouped into four broad categories. The first category relates to building stand-

ards, which are necessary for public safety and protection of investments. They must be suited, however, to the country's needs, local materials and labour. The National Shelter Sector Strategy must encourage home construction and ownership to appropriate standards that meet the country's needs and the family's affordability. Codes and standards should not restrict the solutions which may be available to the poor and are inappropriate for socio-economic realities.

The second major category is that of promoting and mobilizing indigenous resources and appropriate technology in the area of building materials and construction technology.

The third general category is that of formal and informal regulatory systems. These are needed to ensure use of appropriate standards without undue costs and delays. Some of the keys are effective training in how to create an effective informal regulatory system and methods to demonstrate good building practices and incorporate them into formal or informal construction systems.

The fourth category is means to achieve direct participation in the process of planning, designing, financing, constructing and maintaining shelter. The Shelter Sector Strategy must focus on the self-help approach, using primarily indigenous building materials and technologies that stimulate self-help.

BUILDING CODES AND REGULATIONS

Building Codes and Regulations that can contribute to the construction of shelter for the urban and rural poor need special focus for several reasons. One is that the building materials which the rural and urban poor can afford very often do not satisfy the requirements of safety and durability in standard codes and regulations. Another reason is that, for a majority of the rural and urban poor, improvement in shelter means repair and upgrading of existing shelter rather than the construction of new shelter, and such improvement is often achieved by self-help construction methods rather than conventional systems. In addition, the rural and urban poor are confronted with communication barriers in relation to information dissemination.

Part of the problem also applies to the regulatory procedures applied in the construction industry. A fundamental issue is that most of the established procedures are not appropriate. Most existing codes and regulations are not capable of promoting the use of indigenous resources since they prescribe building materials and construction standards which are not accessible to the bulk of the population. One result of this is that a large proportion of the population, especially those living in slums and squatter settlements, are often excluded. Existing procedures for contracting, tendering and registering construction firms offer very little opportunity for the development of the indigenous construction sector since in most cases they favour large construction firms.

Enabling strategies which must be introduced by government will have to address the following issues: -

- (i) strengthening institutions responsible for regulatory procedure;
- (ii) adopting standards and specifications for indigenous building; and
- (iii) adopting appropriate contracting, tendering and registration procedures.

PROMOTING INDIGENOUS BUILDING MATERIALS

One of the overall objectives of the 1982 National Housing Policy is to bring shelter within the reach of the lowest income groups of the population as well as to reduce the foreign exchange content in the building construction process.

In this regard a Building Research Institute has been established with the objective of utilizing indigenous materials in order to reduce the import and energy content in construction and to transfer intermediate technology to achieve this objective. To date, research and development work undertaken by the BRI in the field of low-cost housing and new building materials include the following: -

- (a) Stone technology: Construction and building in stone was at one time widespread in Jamaica. There are many examples of structures built from indigenous stone, particularly in the 18th century, which still stand today.

The BRI has recently built a prototype sand-stone building at the College of Arts Science and Technology (CAST). The distinctive feature of the building is the use of two types of stone construction for walls. Clay bedded sand stone rocks (15" x

24" size) are used in the foundations. The walls, floor and verandah parapet are all flat bedded stones laid in cement mortar. Half of the building was walled with trimmed and squared stones in horizontal courses and the other with trimmed rock-faced random rubble masonry (cut stone work). The building covers an area of 391 sq. ft.

- (b) Ferro cement: The BRI is engaged in a major Research Development project on ferro cement. It has developed a three dimensional bath-cum-toilet and a 800 litre capacity water tank.
- (c) Soil Stabilized Bricks: A demonstration building of 900 sq. ft. was constructed from soil blocks stabilized with cement at Denbigh in the central part of the island. Work on this continues and sample surveys of soils are being carried out to determine the suitability of different soils for economic stabilisation with either cement or lime.
- (d) Stone Masonry Blocks: This is one of the new building materials being introduced by the BRI. These blocks use stone to form a standard building product, need low capital, consume little cement and require only unskilled labour.
- (e) Coconut Wood: A demonstration coconut wood house was designed and constructed by the BRI in collaboration with a private company. The building consists of living and dining areas, two bedrooms, a kitchen and bathroom covering an area of 564 sq. ft. The cost of construction was US\$7,000. The low-cost coconut timber house is being carefully examined for public acceptance.
- (f) Other projects undertaken by the BRI include: –
 - funicular shells flooring/roofing systems;
 - precast channel unit flooring/roofing system
 - fibre-reinforced concrete manhole covers.

The BRI has also constructed a number of demonstration buildings (schools, community centres, health centres) throughout the island. There is need, however, for greater dissemination of the technology developed by the BRI and also for the BRI to promote the use of more traditional building materials and technologies.

Issues that must be addressed include the following: –

- (i) widening the scope of indigenous building materials and techniques,
- (ii) promoting traditional and small scale production of building materials,
- (iii) developing technologies that are appropriate for the small-scale construction sector and
- (iv) strengthening national capabilities for the dissemination of information and promoting adoption of research findings.

MANPOWER DEVELOPMENT AND TRAINING

Labour constitutes the second largest single component of resources required by the construction industry. According to the 1985 Labour Force Survey, the construction sector accounted for 4.2 per cent of the total labour force, excluding the contributions of the informal and traditional sectors which are not accounted for in official statistics.^{1/}

Construction activity is predominantly a labour intensive industry and, as such, it tends to attract a large proportion of unskilled labour. Within the category of unskilled labour, there is a certain amount of seasonal and temporary labour. In addition, the sector also finds it difficult to retain the unskilled labourers over a period of time even when they have acquired some basic skills. The lack of skilled labour is due in part to the inadequate scale and scope of training provided to manpower in the construction industry.

In an effort to resolve the issue of training and required number of skilled workers, the Government established the Portmore Building Skills Training Academy as a part of its Human Employment and Resources Training H.E.A.R.T. Programme. Under this programme young people, recent school leavers, are taught various skills (sewn products, tourism, agriculture, construction) at a number of H.E.A.R.T. academies established across the island.

In addition, the private sector in an effort to promote non-conventional training techniques and more job-related training established the Construction Development Resources Centre. The Centre was founded in November, 1983, as an independent

1/ October, 1985 Labour Force Survey, Statistical Institute of Jamaica.

non-profit research and development organization committed to serving the local construction sector by the provision of services unavailable elsewhere. These services include specialist training programmes, the provision of specialist research expertise, and the development of innovative projects designed to respond to special needs within the sector. The Centre draws its membership from eight key organizations in the Jamaican building and construction industry, and functions as the secretariat for the Joint Consultative Committee for the building and construction industry.

The need to develop a competent female construction trade labour force led to specialised training programmes for young women in the sector. A Women's group of trained construction workers subsequently formed the Women's Construction Collective and in June, 1983, launched themselves as a small business. Small building jobs and a woodwork shop provide the women with a variety of experience in the sector. The WCC undertook a formal contract worth nearly \$100,000 at the New Port Antonio Health Centre in 1986, installing hand basins, mop sinks, partitions, rainwater drains and boundary walls. The work has involved plumbing, carpentry and masonry training for the women.

In order for training to have an impact on the indigenous construction sector, greater consideration must be given to the following:

- (i) diversification of the scope of training
- (ii) promotion of non-conventional training methods
- (iii) strengthening existing institutions and establishing new institutions
- (iv) improving the capabilities of indigenous contractors.

PROMOTING GREATER SELF-HELP

As mentioned in the previous Chapter, provision of tenure and upgraded facilities in the Squatter Upgrading Programme has resulted in considerable improvement to existing structures and increased construction activity. This gives a strong indication that people are able and willing to participate in the development of human settlements. In settlement upgrading projects, the initiatives and the self-reliance of the squatters are rewarded by legalizing of the settlement through the issuance of titles. Furthermore, the living conditions in the settlement are improved by the provision of basic infrastructure. Upgrading of the dwelling is left to the occupants, as the security of tenure should be sufficient incentive for the residents to invest in the improvement of their houses.

The most visible and striking evidence of the possibilities of popular participation in human settlement development does not come from people's involvement in the execution of official housing projects, but the development of squatter settlements. Those settlements originate with people in need of shelter taking the law into their own hands by occupying a vacant piece of land and building their houses without the permission of the authorities or titles to plots. In the most basic form of self-help residents participate in planning, implementation and management.

The idea that people should participate in the planning, implementation and management of human settlements was one of the objectives of the 1982 National Housing Policy. There is, however, need for greater self-help activities in the provision of shelter. In light of the shelter needs identified in Part II and the need for government to promote participatory forms of development activity as an important strategy, greater attention must be given to community participation.

The need to promote aided self-help in the actual construction process is critical.

It is important that Government as part of its strategy develop and implement a training programme among its community development staff in four areas of concern in squatter settlements:-

- (i) organization and management of house construction
- (ii) self-help building techniques
- (iii) finance
- (iv) legal matters.

Training the trainers is a key issue in any strategy required to motivate community participation.

The following case studies gives some indication of the role of planning and management of informal housing construction.

CASE 1

Mr. X is employed as a groundsman earning J\$460 every two weeks. His wife works as a chambermaid, and one of his seven children is employed as a handyman. His home is located along the Orange Wharf Road in Negril (a coastal town 153 miles

west of Kingston) where he lives with his wife and seven children. Mr. X was a tenant for five years before he acquired this site eleven years ago. The lot is three and a half squares for which Mr. X made a downpayment of 50 per cent and paid off the remainder within a year.

Mr. X improved his shelter incrementally. While living on rented land, Mr. and Mrs. X had a house with two rooms (18' x 10' and 12' x 8') which they moved with when they purchased their own land. On moving to their own land, they built a 12' x 12' room, and then added in succession an 18' x 10' room, and 11' x 11' room and a 23' x 12' room. The latter is really two rooms, a dining room and a bedroom. In 1984 Mr. X added a kitchen. The floor of the structure is constructed partly of board and partly tiled, the walls are made of board and bricks and the roof is made of zinc.

Mr. X hired a small contractor to carry out construction. Supervision was carried out by a carpenter, or a mason depending on the work being done. The house took five to six years to complete.

The house was built incrementally. The 23' x 12' room took the longest to build as it needed more materials and funding this was difficult. Mr. X built his first house of wood because he did not own the land. He moved with this structure and built a more permanent structure once he owned the land.

Mr. X financed his house from personal savings. He was working J\$40 per week at that time and his wife J\$100 per week. He also took a part-time job as a fisherman on weekends. His and his wife's employment were the main source of finance, as he did borrow from family and friends. He used the 'partner system' only in the latter stages of construction. He also took a loan from a fishing co-op to buy fishpots which helped him generate additional income. Mr. X found, however, that he was able to do much more once he got permanent employment. He found the 'partner system' more helpful than the bank as the amounts required were small, and the bank does not offer such small loans.

Mr. X is not aware of the overall cost of his house. He knew he could not afford it all at once, so he built it incrementally over time. Mr. X feels that there is no problem in building over time based on your affordability. If the land is not owned by the home builder one should start with a wooden building which can be moved when your land is purchased.

CASE 2

Ms. B, her common-law husband and her ten-year-old son have been living at Kerr Jarrett Lands in Montego Bay for eighteen months. They are at present squatting on Government-owned land. The land was captured by a cousin of Mr. B, who gave him a piece of the captured land. Mr. and Ms. B constructed a one-room temporary structure of wood and zinc with a concrete floor. The house contains no kitchen or bathroom, although an area has been enclosed for the bathroom and an outdoor fireside serves as kitchen.

The house was completed to its present state within three months. Construction was supervised by Mr. B who is a carpenter and a mason. The foundation of the house was made of stone. Mr. B had intended to construct his house of concrete blocks, but he could not afford it, so he used wood as a temporary measure. In addition, he got a donation of lumber from someone in the area. However, he bought most of the materials himself and paid cash.

Ms. B moved into her house before it was completed. The walls of the house took the longest to complete as they ran out of lumber and had to use zinc instead for walling material. Construction of the house was dependent on the availability of funds. At the present time there is no money to buy lumber to complete the walls. Mr. B, who is a mason by trade, is employed as a security guard. Ms. B is unemployed. Through his job Mr. B was able to finance construction; he also used personal savings and gifts to complete construction.

Ms. B views her present shelter arrangements as an improvement over her previous situation. She moved from Rose Heights, across the road from Kerr Jarrett lands, where she was living with her sister. Before she moved to Montego Bay she lived in Kingston.

CASE 3

Mr. N, his wife and five children live in a three-bedroom house at Wareika, a squatter settlement on the fringes of the Kingston Metropolitan Area. The family has been squatting at this site for eighteen years. The house which is a permanent struc-

ture has tiled floors, concrete walls and a zinc roof, a kitchen, bathroom and a living room. The house was constructed in four stages. The first stage took two weeks and involved the construction of a wooden one-room building to house four persons. The second stage took approximately one year to complete; a concrete structure was built around the existing wooden building, and one more room was added to the wooden structure. It took approximately one year to reach stage three. At this stage a kitchen was added to the main building. The fourth stage took another eighteen months; a bathroom and two other rooms were added at this stage. A small tank was also added to provide water for the animals which are raised by the family.

Overall it took four years to complete the structure. Stage four took the longest to complete because of the unavailability of funds. Mr. N and one son are employed as refrigerator mechanics. During construction Mr. N worked at Guantanamo Bay in Cuba and sent home money for construction of the house. Mrs. N supervised construction in the absence of Mr. N. The family had intended to put up a concrete structure, but started out with a wooden structure as that was what they could afford at the time. In addition, there was need to house the family urgently. Mr. N had no idea what the overall cost of his structure would be, but this lack of knowledge did not affect his completion schedule as he was working abroad and things were cheaper in the early 1970s than at present. The completion schedule changed, however, according to the needs of his family.

All materials were purchased for cash from personal savings and employment. When he moved into the area, there were no roads, so he hired people living in the area to carry blocks and cement. A natural sand pit was located close to his house, so he bought no sand. He paid men to dig sand required for constructing his house.

When Mr. N moved to the area only three other families lived there. The area had no services, although there were some clearly defined tracks. Mr. N saw this as an improvement over his previous location. He lived for nine years in nearby Rennock Lodge in Eastern KMA, in a one-room wooden structure. The house was located in his sister's yard and she pressured him to move; in addition, the one-room structure was too small for his family.

The area is still without services. The residents tapped electricity, but this was disconnected by the Jamaica Public Service. Water for drinking purposes has to be carried from Rennock Lodge. Mr. N would not want to move, however, but would rather obtain services and security of tenure.

Mr. N. sees security of tenure most important for adequate shelter. Building incrementally as when needed is the best approach. Mr. N said the land was vacant, so he put up a structure because he needed somewhere to live. He would have constructed this structure even if the land was privately owned.

In all three cases, families were willing to move into an incomplete structure and undertake completion over time when money was available. In all three cases materials were paid for in cash from employment and personal savings. In all three cases construction was undertaken by tradesmen or small contractors. In one instance, where the tradesman was also the owner, he constructed the house himself. In all three cases the supervision of construction was carried out by the owners.

CHAPTER 9

LEGISLATION

The production and use of shelter takes place within a legal framework. The state attempts to regulate the supply and demand for housing through various legislative measures.

RENTAL HOUSING

The Rent Restriction (Amendment) Act of 1982 has attempted to promote a more equitable distribution of housing but has also resulted in seriously affecting the incentives which would have promoted the supply of such housing. As a result of the rapid rise in rents since 1980, many by three and four times, and the lack of new construction of rental units by either the public or private sector, proposals for amending the Act were announced in 1982. They include:--

- 1) Requiring all landlords of rental housing to have a Certificate of Assessment, based on the valuation of their premises, by the Commissioner of Land Valuation;

- 2) Requiring all premises to be rented to have a certificate of Assessed Rent in keeping with a base date of August, 1980;
- 3) Extending the protection of the Act to commercial premises, the gross rental of which does not exceed J\$10.00 per sq. ft.;
- 4) Increasing the maximum penalties for unauthorised increase in rental to J\$2,000 or twelve months' imprisonment in the case of individuals and J\$4,000 in the case of corporations;
- 5) Subjecting tenants who abscond while owing rental to increased fines, yet to be determined;
- 6) Increasing the jurisdiction of the Resident Magistrate's Court to J\$5,000 in relation to the recovery of rent;
- 7) Allowing an automatic annual percentage rental increase of 7.5% on the maximum permitted rent;
- 8) Providing for arrangements to be made whereby the Secretaries of the Rent Boards will be able to initiate proceedings in the R.M. Courts on behalf of tenants or landlords, provided all processes offered by the Rent Boards have been exhausted;
- 9) Providing for the Certificate of Assessed Rent in respect of premises constructed after August, 1980, to be based on the market value obtaining at the completion of construction.

Measures for controlling rents and safeguarding the interests of the poor and lower middle income population were essentially a response to the rapid rise in rents after 1980. Rent controls have often had un-intended side effects in most countries in the world, and it is assumed that Jamaica is no exception.

By constricting the landlord's rate of return on his property -- and in some cases eliminating it all together -- rent control can make investment in rental housing unattractive. Rent control also has the adverse effect of contributing to the deterioration of rental units, since landlords may not even earn enough from rents to cover maintenance costs and realize a reasonable profit. Thus rent control legislation not only can lead to serious detrimental consequences for new construction and housing development, but can also lead to the deterioration of the existing stock of rental housing.

Rent control may protect renters already occupying rental units, but often that benefit is at the expense of other poor people trying to find units to rent. Often both renters and owners are from the low income groups, and landlords are renting one or two rooms in their house to supplement their own income.

In addition, the experience of government as landlord has resulted in projects that have lost money and a reluctance on the part of government to promote the rental market.

Thus rent control has had serious detrimental consequences in terms of reducing the available rental housing stock, even though it was introduced to preserve that stock for low and middle income houses. Rent control can therefore work at counter purposes to a National Shelter Sector Strategy, which is encouraging the private sector to construct housing.

In addition, a rent control system of the type proposed in the Rent Restriction (Amendment) Act of 1982 has proved to be very difficult to administer. Under the new system all rental units must have a Certificate of Assessed Rent in order to legally change the standard rent. The requirement of applications by landlords for each rental unit and the issuance of Certificate of Assessed Rent for each such unit has proved to be a tremendous problem. The number of multi-tenanted properties make this an even more complex problem. The Land Valuation Department, which has responsibility for assessing rental premises, does not have the staff to cope with 100,000 to 200,000 rental units. As a result the assessment process has been lengthy and very few Certificates of Rent Assessment have been issued. The landlords have been the losers, as they have been held to the rent as of July 1980, plus approved increases. This has therefore been a great disincentive to providing upkeep and maintenance of rental units.

The problem of rapidly escalating rents over the past several years is an important one that must be addressed but at the same time rent control mechanisms should be the subject of a study to determine if such mechanisms provide disincentives to new construction and maintenance in Jamaica.

HOUSING ACT

The legal framework for Government's housing policy is the Housing Act (Act No. 55 of 1968). This act makes the Minister responsible for housing under Part II Section 4(1) as quoted. "The Minister, after considering the housing condition in any area and the needs of that area with respect to provision of further housing accommodation, may cause an area to be defined on a plan and may by order declare the area so defined to be a housing area".

Although, according to the Housing Act, the Ministry of Construction (Housing) is supposed to construct houses for persons in the "low income categories", many Government houses built today are certainly not low-income ones. As a result of the continued increase in construction costs at a rate which far exceeds the rate of increase in wages, even the Starter Home Programme can no longer address the poorest in the society.

In addition, Section 4 of the Act deals with the Minister's authority for the preparation and approval of schemes. It, however, does not address the question of access to land in terms necessary for dealing with the problems related to squatter settlements. While lands declared under the act could be acquired in accordance with the provision of the Land Acquisition Act, this requires funds to purchase these lands. Even if purchase was effected through Land Bonds, there would be a short-term liability which has a direct impact on the resources available for Government provision of shelter for the poor.

LOCAL IMPROVEMENT (AMENITIES) ACT

In order to allow for the upgrading of informal settlements the Local Improvement (Community Amenities) Act 1972 was passed by Parliament so as to provide for legal access without a commitment to define and declare an area a special improvement (infrastructure) area, and take possession by way of lease which allows a renewal option for purchase at a later date.

This legislation was designed to allow access without the initial liability occasioned by acquisition. The Government could then sublet the lands to occupants.

Under this legislation lands were accessed, infrastructure works carried out and sub-letting done. However, one of the problems incurred was that at the expiry of the lease the landlord could arrange a further lease or sale, but this was at a rate which reflected capital gains based on improvements to the property. In other words, Government was now paying the landlord for the improvements made by Government. In addition, households were required to pay for services, i.e. water rates, electricity rates etc., in order that Government could effect cost recovery. Thus, the real beneficiary was the landlord.

Under the Urban Upgrading Programme, improvement of tenement yards required that the liability for the improvement carried out by Government or through Government would rest with the landlords. The landlord therefore had an option of taking up the facility for upgrading or not. This was not done because the Rent Restriction Act made it difficult to recover investment in refurbishing tenanted dwellings in these communities. The problem was previously mentioned where, if mechanisms were worked out to ensure adequate returns to the landlord for his investment to improve his property, then massive dislocation would have occurred as tenants would have been under pressure to pay increased rentals.

HOUSING, BUILDING AND LAND USE CONTROLS

Mention has already been made in Chapter 7 of Land Use Controls. Because of rapid urbanization taking place in our cities there is need for review of controls for housing, building and land use. Among the existing controls are development orders and subdivision regulations.

Three pieces of legislation, each enacted many years ago and none revised since the mid-to-late 1970s, established the regulatory framework in the Kingston Metropolitan Area. These are the Town and Country Planning Act, the Local Improvement Act and the Kingston and St. Andrew Building Act. The Kingston Development Order 1966 is the land use framework for the city. The Development Order is really a zoning ordinance, which establishes permitted land uses and densities for the KMA as well as basic amenity standards.

The Order dates back to 1966, and thus is obsolete in certain neighbourhoods where economic forces have resulted in land use changes in the city. The Town Planning Department is in the process of revising the Order, and it is hoped that the New Order will consider issues mentioned in Chapter 7, pertaining to mixed land uses in Planned Unit Development (PUD).

The procedures for development approval and subdivision approval involve the Town Planning Department, various infrastructure agencies and the Local Authorities as the final authority. The entire island is not covered by Development Orders and only a few of the main towns are covered with these zoning ordinances. The Town and Country Planning Act 1966 governs the preparation and implementation of Development Orders, while the Local Improvements Act 1914 provides subdivision regulations.

In October 1983 the Town and Country Planning Authority under its powers within the Town and Country Planning Act made a major change in the procedure for granting planning approval when it took away these powers from the KSAC, the Local Authority. As of that date, all plan reviews were to be made directly by the Town Planning Department, and all final decisions made by the Town and Country Planning Authority, which is chaired by the Government Town Planner. It should be noted that this revocation of authority does not completely withdraw the KSAC from plan decision-making within the KMA. It covers only that section of the city which was included in the 1966 Development Order, and thus omits some of the fastest growing suburban sections of the city. Other areas of the island in which planning approval has been "called in" (i.e. approval authority taken away) include parts of the Ocho Rios and St. Ann's Bay coast, Negril and parts of the Portland coast, all important resort development areas.

In October, 1984, the powers of the KSAC were further reduced when Building Approval was also removed from the KSAC and given to the Town Planning Department. Prior to 1984, the Building and Town Planning Committees of the KSAC, composed of elected Councillors from the Local Authority, was the approving authority for building permits and subdivisions. As a result of the transfer of powers the Government Town Planner is now responsible for the regulatory process for building approvals and as such is the main actor in the review and enforcement process. The latter is a major issue as violations and breaches of approval are increasing and becoming more flagrant.

KEY ISSUES AND IMPLICATIONS

A number of issues relating to the Rent Control (Amendment) Act 1982 have been raised and it is suggested that there is need for a study of the Act in the following areas :-

- 1) Extent of Coverage;
- 2) Method and Administration of Valuation;
- 3) Permitted Increases in Rent, and
- 4) Administration and Certification.

The other major area of concern relates to Land Use Controls in general, but more particularly in the KMA. There is urgent need to update the existing 1966 Development Order and it is hoped that a new Order will soon be published by the Town Planning Department. It is also anticipated that the new Order will address issues such as:

- (i) establishing general policy guidelines for land use activities in the city;
- (ii) establishing greater flexibility in zoning requirements such as mixed use zoning and Planned Unit Development; and
- (iii) establishing affordable housing, permitting higher densities and modified standards of parking and open space where applicable.

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