20 Feby 2012
28 yrs
After

HOUSING NEEDS IN THE BAHAMAS

MINISTRY OF HOUSING
AND NATIONAL INSURANCE

April 1984

COMMONWEALTH OF THE BAHAMAS

NO.

IN REPLYING PLEASE QUOTE THIS NUMBER

OFFICE OF THE MINISTER OF
HOUSING & NATIONAL INSURANCE
P. O. BOX N - 3926
NASSAU, N.P. BAHAMAS

30th April, 1984

F O R E W O R D

It is my pleasure to introduce this report prepared by my Ministry. While of interest to many Bahamians, the report is particularly aimed at those who are, in one way or another, involved in the production of housing and housing improvements.

It provides a comprehensive analysis of our country's housing requirements and constraints to housing production and comes to the conclusion that the rate at which housing is now being produced is half the required rate. This should be of concern to all. Furthermore, in terms of housing, what Bahamians need, want or can afford are different aspects that should be recognized as such. In this regard, the report addresses the affordability issue.

The report outlines a seven-year housing programme to which the Government is committed. This programme, together with major efforts by the private sector, should advance us towards our goal of meeting the housing needs of all Bahamians.

Hubert A. Ingraham
MINISTER OF HOUSING AND NATIONAL INSURANCE

HOUSING NEEDS IN THE BAHAMAS
APRIL 1984

MAIN VOLUME:

APPENDICES VOLUME:

HOUSING NEEDS IN THE BAHAMAS

EXECUTIVE SUMMARY

Introduction

This report provides a first-time housing assessment of the Bahamas, based on the 1980 Household Census and analysis of housing-related factors. An estimate of housing requirements to 1990 is made to serve as a basis on which private and public housing programmes can be developed. The Government's response to indicated needs is detailed in the report's final chapter.

Population and Households

- Between 1970 and 1980 the population of the Bahamas increased at an annual rate of 2.1 percent; for this decade a population growth rate of 1.8 percent is indicated, bringing the 1990 population to 250,000. All new growth will be absorbed by New Providence and Grand Bahama.

	Population	
	1980	1990
New Providence	135,437	170,000
Grand Bahama	33,102	40,000
Family Islands	40,966	40,000
Bahamas	209,505	250,000

- The total number of households is projected to increase by 1,245 per year in the eighties versus 783 per year in the seventies, indicating that the demand for shelter will increase significantly.

	Households	
	1980	1990
New Providence	30,000	40,000
Grand Bahama	8,300	10,300
Family Islands	9,850	10,300
Bahamas	48,150	60,600

- More than 5,000 households are presently occupied by two or more families; to the extent that this is not by choice, such doubled-up households are an indication of housing need.

Existing Housing Stock

- Of the 48,150 occupied dwelling units in the Bahamas, 73 percent are single houses; duplex and row housing accounts for 13 percent and apartments for 14 percent. Fifty-four percent of the housing stock is owner-occupied and 46 percent is rented accommodation.

- More than one-third of the housing stock consists of wooden structures, most of which were constructed more

than 25 years ago. Of all housing, 40 percent is considered to be in average or poor condition.

- Almost 30 percent of all households are overcrowded to some degree and only 2 out of 3 have water piped into the dwelling and have a flush toilet.

Housing Production

- New housing production over the last ten years has been much below required levels, creating a backlog of housing demand. Furthermore, since 1975 more than 2,000 residential structures have been started that have not yet been completed.

Land

- The supply of land for housing in the Bahamas is ample in most of the Family Islands and Grand Bahama, and even in New Providence land cannot be considered scarce for some time to come.
- There are some 18,000 vacant individual lots in approved New Providence subdivisions on which houses could be built today, without further land planning.
- At the same time new subdivisions need to be planned, to meet housing needs and to allow young Bahamians to buy lots over time.

- New subdivision development over the last ten years has been at a minimal level on account of high-standard infrastructure requirements. Piped sewerage disposal systems, underground utilities and sidewalks are requirements that should be reviewed to ensure that forward planning for housing is not inhibited.

- Given the dimensions of growth to come, the preparation of a realistic land use and infrastructure plan for the Island of New Providence is a matter of priority.

- A constraint to housing construction and financing is presented by land title problems. The development of an efficient means by which title to occupied land can be established is required.

Planning and Services

- Subdivision approval and building permit approval are essential prerequisites to housing construction. The regulations and procedures involved must be timely and responsive to the need for housing by all income groups.

Construction Industry

- The residential construction industry of the Bahamas is underdeveloped: there are few well-equipped large firms and many small firms and individual contractors that often lack the ability to organize and produce effectively.

- The industry suffers from low productivity, resulting in the building of a house taking more than twice the time it should take. Measures to increase productivity should be instituted at all levels.

- System building is now being introduced in the Bahamas by both the private sector and the Government.

Incomes and Affordability

- Three out of every four homeowners do not have a mortgage; of those that do, 26 percent make payments in excess of 25 percent of income. Twenty-nine percent of renters pay in excess of 25 percent of income.

- 1983 incomes for New Providence show that some 15,000 households have annual incomes below $12,000 and 7,500 have incomes below $7,500.

- In terms of housing that can be afforded, 30 percent of households cannot afford to pay more than $200 per month and 50 percent cannot afford to pay more than $300 per month. The limits to affordability must be recognized by those seeking shelter and those supplying shelter.

- Given limited incomes and no monthly housing cost for many homeowners, housing rehabilitation can be an affordable solution for many.

Housing Finance

- The Bahamas is investing only 3 to 4 percent of Gross National product in housing. This should increase to 5.5 percent if requirements are to be met. The domestic financial resources of the country are such that with a re-arrangement of investment priorities the required funds can become available.

- Access to financing should be made available to sectors that presently are virtually excluded for reasons of geographic location, occupation, family status and type of structure. Financial institutions can play a valuable role in assisting individuals to achieve realistic housing goals.

Government Role in Housing

- Dating back to the Housing Act of 1960 the Government has played a role in the housing sector, although its record of producing houses, like that of the private sector, has not been impressive during the seventies. The main instrument used by the Government has been the mortgage insurance programme.

- Starting in the eighties with the Grants Town Project, the Government has increased its involvement and output.

- In 1983 the Housing Act was amended, the Ministry was

reorganized and the Bahamas Mortgage Corporation was formed. The Governmental infrastructure is now in place to address more fully the housing needs of Bahamians.

Housing Requirements:

- Household formation, replacement and redoubling make up the demand for housing. Given demographic trends and housing conditions, the housing requirements to 1990 are 1,965 dwelling units per year as follows:

New Providence	..	1,515 dwelling units
Grand Bahama	..	262 dwelling units
Family Islands	..	188 dwelling units
Bahamas	..	1,965 dwelling units

- The requirements are for double the level of housing production achieved during the early years of this decade. Nevertheless the estimates are based on what can realistically be achieved if there is a will to do so and if the constraints to housing production are minimized in a significant way.

- In addition to new housing there is a requirement for 500 housing rehabilitations per year.

- Since price is the single most important determinant of effective demand, and considering the household capacity to pay, new housing must be offered at prices that can be

affordable. 50 percent of all housing units required should be planned at prices below $35,000. This will include 2 bedroom houses on smaller lots and multiple forms of housing.

- The amount of new mortgage financing will have to double, to $52 million per year, to accommodate the required housing production.

Housing Needs - Responses Required

- To meet the housing needs of Bahamians it should be broadly recognized that, principally:
  - there is a need to produce more housing
  - there is a need to produce more affordable housing
  - there is a need to accept the truly low-income house
  - there is a need to complete houses started long ago
  - there is a need for housing rehabilitation
  - there is a need for greater access to housing financing
  - there is a need to recognize constraints to housing production
  - there is a need for the construction industry to become more productive

- there is a need to develop innovative acceptable and affordable housing solutions;
- there is a need for Bahamians to seek housing they can afford and not to expect housing beyond their financial means;
- there is a need for Government to address the housing needs of those least able to look after themselves.

Government Response

- Recognizing the findings of the study, the Government proposes to increase its commitment to housing, particularly to those with less than average incomes.
- Accordingly the Ministry of Housing and National Insurance is putting forth a seven-year housing programme and undertakes, on an average per year basis, to:
  - rehabilitate 250 houses
  - construct 50 public housing units
  - construct 200 low-income houses for sale
  - provide 200 low and middle-income mortgages for private houses
  - provide 50 building lots for private construction
- Some 800 families will benefit from the programme annually.
- Additionally, to stimulate the private sector, the

Government introduces a programme of private construction incentive grants. Single-detached housing units completed before the end of 1987 and constructed at a cost of $35,000 or less will be entitled to a $1,800 incentive grant.

- The cost of the Government's housing programme will be $16 million per year or $112 million for the duration of the 7-year programme (in 1984 dollars). Of this amount, encouragement grants for new construction will amount to $3.7 million. Most of the expenditure on the programme would return to the Government, in down payments, loan and mortgage payments, public housing rents, and customs duties on imported building materials.

- Finally, the Ministry of Housing and National Insurance is making a number of recommendations for consideration by other Ministries who play a vital role in the housing production process. These recommendations deal with development planning, land titles, property taxes and housing statistics.

- The attainment of indicated housing goals for Bahamians is predicated on a major commitment by all private and public entities which impact upon residential construction and on the collective will to succeed.

INTRODUCTION

A measure of a country's well-being is how well it is housed. Until now a housing assessment of the Bahamas had not been made although an encouraging start was made in 1980 when the needs of the Grand's Town area were documented.

As part of the 1980 Census of Population and Housing, information was gathered that permitted, for the first time, an analysis of key housing factors. The findings of the census analysis form the basis of this housing assessment. In addition, a large number of housing-related topics are discussed, with emphasis on identifying the constraints to housing production.

The aim of this report is to provide, based on comprehensive analysis, an estimate of the housing requirements of the Bahamas. Such an estimate serves two functions:

(i) It enables the Government of the Bahamas to formulate and put into action appropriate policies and programmes in response to documented aspects of need; and

(ii) Similarly, it enables the private sector housing industry to formulate and put into action appropriate responses to

meet the indicated housing requirements. The housing industry, in addition to actual construction firms, includes all those serving the industry.

The first objective, to aid the Government in establishing responsive programmes and targets, is met as part of this report. Chapter 13 outlines the tasks the Ministry of Housing and National Insurance will perform to assist Bahamians in reaching the goal of adequate housing for all. Furthermore, it makes specific recommendations to other Ministries of Government.

Equally, the Government hopes that the private sector will respond timely and in the best interest of all Bahamians. Suggestions as to how the private sector can best respond are found in Chapter 12.

The indicated demand for housing calls for a significant increase in production over past levels with greater emphasis on the purchaser's capacity to pay. The housing requirements estimated are those for the resident population and as such the market for seasonal dwellings for non-residents has not been considered.

The report has been prepared by the Ministry of Housing and National Insurance over the period July 1983 to March 1984.

During this period a number of surveys were carried out in addition to the analysis of the 1980 household census. These include but are not limited to:

- a survey of residential subdivisions in New Providence
- a survey of Family Island Commissioners
- a survey of builders
- a survey of applicants for Government-initiated houses.

Information was obtained from a wide variety of public and private sources. In particular, the following Ministries were very helpful:

- Ministry of Works and Utilities (Department of Physical Planning and Building and Subdivision Control Sections)
- Ministry of Finance (Data Processing Unit and Department of Statistics).

Draft chapters of this report have been circulated within the Government to allow for comments, suggestions and verification of facts.

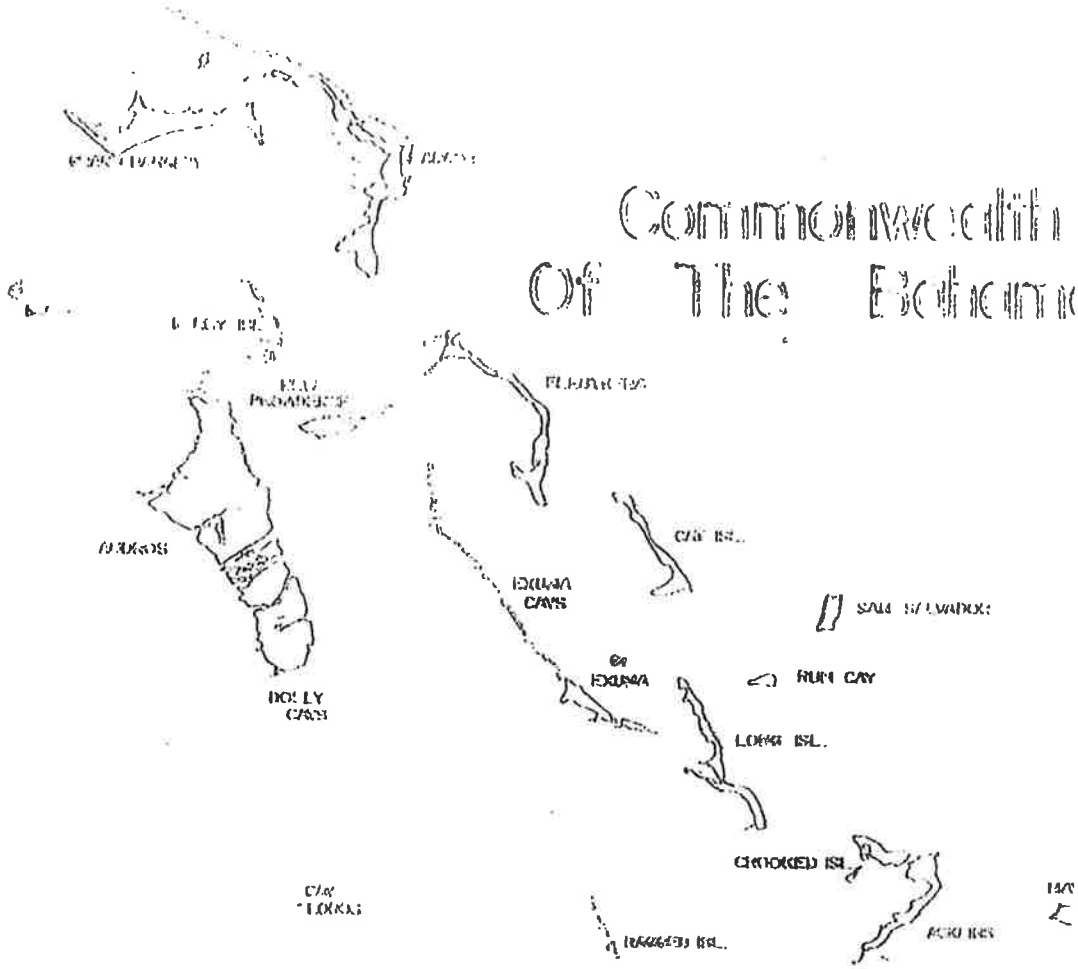
In the report the geography of the Bahamas is described in three components -- New Providence, Grand Bahama and the Family Islands which represent all the country's

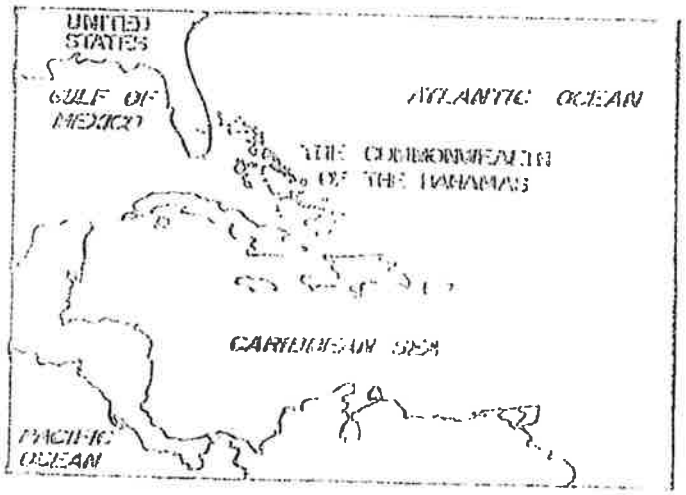
populated islands exclusive of New Providence and Grand Bahama.

The report contains numerous tables but so as not to interrupt the reading, they are placed at the end of each chapter. The data contained in the tables was compiled by the Department of Statistics of the Ministry of Housing and National Insurance, unless otherwise indicated. All projections are made by the Ministry of Housing and National Insurance.

Foreign readers might note that all dollar amounts are expressed in Bahamian dollars (B$ = 1US$).

It is hoped that the report will serve the country's housing sector well for some time to come. Comments as to its contents would be welcomed by the Ministry of Housing and National Insurance.


Commonwealth
Of The Bahamas
FLORIDA
CAT ISL.
EXUMA CAYS
SAN SALVADOR
EXUMA
RUM CAY
LONG ISL.
CROOKED ISL.
ACKLINS ISL.
ANDROS
NEW PROVIDENCE
BERRY ISLANDS
BIMINI ISLANDS
GRAND BAHAMA
ABACO CAYS
INAGUA


UNITED STATES
GULF OF MEXICO
ATLANTIC OCEAN
THE COMMONWEALTH OF THE BAHAMAS
CARIBBEAN SEA
PACIFIC OCEAN

POPULATION AND HOUSEHOLDS

Population

By most standards the population of the Bahamas is small, accounting for less than one percent of the population in the Caribbean. Yet it is growing rapidly: in thirty years, it has increased by 160 percent, from 85,000 in 1953 to an estimated 222,000 in 1983 (table 2.1).

As in most countries, a census is periodically carried out in the Bahamas to provide information on the population; the first census took place in 1838 and recently in 1970 and 1980. The resident population of the country in 1980, at 210,000, was 40,000 more than in 1970 and 80,000 more than in 1963.

New Providence, as the centre of the Bahamas, accounted in 1980 for 65 percent of the country's population (135,437), Grand Bahama accounted for 16 percent (33,102) and the Family Islands for 20 percent (40,966). Since 1963 the Family Islands' population has remained essentially static (tables 2.2 and 2.3).

While the overall population of the Family Islands remained more or less constant between 1970 and 1980, some islands did grow while others declined in population. In particular, the northern and southern parts of Abaco and Eleuthera increased in population, with the central sections of these

islands, Marsh Harbour and Governor's Harbour, showing little change. The groups of southern and central Bahamian islands experienced declines in population, as did Andros, except for the Fresh Creek area (table 2.4).

The increase in the Bahamas' population stems from two sources: natural increase (births minus deaths) and net immigration (calculated by deducting the natural increase from the overall population increase). In the Bahamas net immigration between 1953 and 1970 was significant, resulting in a population increase of some 40,000 persons. More recently net immigration has been less of a factor, accounting for only 5,639 persons or 16 percent of the population increase between 1970 and 1980.

Net immigration is the net result of the following resident flows:

- Non-Bahamians moving to the Bahamas;
- Non-Bahamians leaving the Bahamas;
- Bahamians leaving the Bahamas;
- Bahamians returning to the Bahamas.

The records of registered live births have been less than complete in past years thus in effect decreasing the estimate of natural increase and increasing the estimate for net immigration. At present, however, birth registrations have improved which in part accounts for recorded increases over the last few years. At the same time, considering the country's age profile, births and deaths will be increasing

in absolute terms, as should marriages (tables 2.5 and 2.6).

The age distribution of the population has changed little between 1970 and 1980. The age group that will account for most marriages in the immediate future (ages 10 to 29) accounted for 37 percent in 1970 and 38 percent in 1980. On the assumption that the average 1970 - 1980 marriage rate of 6.5 per thousand population continues throughout the eighties, there will be about 35,000 marriages in the Bahamas between 1980 and 1990 or an average 3,500 per year (tables 2.7 and 2.8). For a large proportion of the family households thus formed, housing will need to be provided. Between 1975 and 1982 divorces averaged 130 per year; frequently this results in the formation of an additional household.

Households

Analysis of the 1980 Household Census has indicated that there were 48,150 private households in the Bahamas*. This is an increase of 19 percent (7,827 households) over 1970. Between 1970 and 1980 the population grew faster than the number of households (23 percent versus 19 percent) thus slightly increasing the average household size (table 2.9).

For census purposes a household and an occupied dwelling unit

*and some 200 collective households such as lodging houses

are synonymous: each dwelling unit is occupied by one household, even though a household need not be a family unit. In fact, only 2 out of every 3 households are family households i.e. at least two related persons in a husband-wife* or parent-child relationship. More than 5,000 households are occupied by more than one family and more than 10,000 households are occupied by 'non-families' such as single and widowed persons and non-related persons (table 2.10).

Not all households with two or more families live together by choice and to the extent that they do not, such households are an indication of housing need.

Households with only one person accounted for 17 percent of all households both in 1970 and in 1980.

The average household size increased from 4.2 persons per household in 1970 to 4.3 persons in 1980. This is counter to the trend experienced in many areas in the world where average household size has been declining on account of significantly lower birth rates, more non-family households and the provision of required housing.

Small households account for one-third of all households and large households for just over one quarter.

*Legally married or living under common law

1 or 2 persons 34 percent

3, 4 or 5 persons 39 percent

6 or more persons 27 percent (table 2.11)

Population Projection

For the period 1980 - 1990, it is expected that births and deaths rates would moderate somewhat in line with past trends, from 24 to 21.5 per thousand for births and from 5.8 to 5.4 per thousand for deaths. Consequently, the rate of natural increase should be 16 per thousand, or 40,000 in absolute numbers, compared to 34,332 for the period 1970 - 1980. Net immigration is expected to continue to decrease in absolute numbers (tables 2.12 and 2.5).

It is projected that the population of the Bahamas will be 250,000 by 1990:

Population 1980		209,505
Births 1980-1990	53,000	
Deaths 1980-1990	-13,000	
Natural Increase	40,000	
Net Immigration	+ 495	
Increase 1980-1990		40,495
Population 1990		250,000

Net immigration is influenced to a significant extent by governmental policy. The projected minimal increase attributed to net immigration, is consistent with expressed governmental policies relating to Bahamianization, accelerated training in certain key professional occupations and the acquisition

of immovable property by foreigners.

The annual rate of population growth of 1.8 percent is therefore slightly lower than the 2.1 percent for the preceding decades.

Population Distribution

Where will the 250,000 resident population of the Bahamas be living in 1990? Considering past trends, there is little doubt that New Providence and Grand Bahama will be compelled to absorb the projected increase.

In the absence of major infrastructural development and the adoption of a conscious and deliberate policy to direct and encourage employment in the Family Islands it is anticipated that their population will continue to decline.

When the trends evident from the Census are projected forward, Abaco and Eleuthera are the only two Family Islands likely to experience a marginal population increase.

The outflow of young people to the greater educational and employment opportunities in New Providence and Grand Bahama must be seen as a natural phenomenon that is nearly impossible to halt or reverse unless immediate and sustained steps are taken to accelerate development in the Family Islands. Throughout the world rural-urban migration has been a fact of life over the last few decades (table 2.13).

The population of Grand Bahama increased by 7,000 persons between 1970 and 1980 and a similar increase is projected to 1990 when the population is expected to reach 40,000.

In summary, the 1990 population and distribution is likely to be as follows:

New Providence	170,000	68%	
Grand Bahama	40,000	16%	
Family Islands	40,000	16%	
Bahamas	250,000	100%	(tables 2.2 and 2.3)

Household Projection

The average household size is projected to decline during the eighties, although only slightly in New Providence and Grand Bahama. For the Bahamas the average should be 4.1 persons per household by 1990, as compared with 4.3 in 1980. The decrease would result mainly from the projected lower birth rate and the formation of smaller non-family households. If sufficient housing is not constructed, the average household size would not decline and as a result more people would live in over-crowded conditions (table 2.11).

Demographics and incomes can contribute to sizable reductions in household size. For example, the average household size in Canada decreased from 4.0 to 3.0 over the last 30 years and by 1990 the U.S. average household size is expected to

have dropped to 2.5.

The number of households in the Bahamas is projected to increase by 12,450 by 1990, as follows:

New Providence	+	10,000 households
Grand Bahama	+	2,000 households
Family Islands	+	450 households
Bahamas		12,450 households

The rate of net new household formation (new households formed less existing households dissolved) would be 1,245 per year. This rate to some extent depends on the supply and cost of shelter: the formation of a new household would be postponed if a newly married couple lived with in-laws on account of not finding or not being able to afford separate accommodation (table 2.14).

The total number of households is projected to increase by 26 percent in the eighties versus 19 percent in the seventies, indicating that the demand for shelter will increase.

The method to calculate new households used the overall household rates in the absence of information on households by specific age groups which could have yielded a more detailed projection.

Table 2.1 The Bahamas and the Rest of the World
Population Data 1983

	Population (millions)	Rate of Natural Increase (%)	Population Under 15 Years (%)	Life Expectancy (Years)
Africa	513	3.0	45	50
Asia	2730	1.9	36	60
Latin American *	390	2.3	39	64
Europe	489	0.4	22	72
North America	259	0.7	23	74
Caribbean	31	1.8	36	66
Bahamas	0.2	1.6	44	69

*includes Caribbean

Source: Population Reference Bureau, Inc.
1983 World Population Data Sheet

Table 2.2 Population of the Bahamas -- 1963 to 1990

	Bahamas		New Providence		Grand Bahama		Family Islands	
	No.	% incr.	No.	% incr.	No.	% incr.	No.	% change
1963	130220		80807		8230		41083	
1970	169534	30	102005	26	25943	215	41586	1
1980	209505	23	135437	33	33102	28	40966	-1
1990	250000	19	170000	26	40000	21	40000	-2

Table 2.3 Bahamas -- Distribution of the Population -- Percent

	Bahamas	New Providence	Grand Bahama	Family Islands
1963	100	62	6	32
1970	100	60	15	25
1980	100	65	16	20
1990	100	68	16	16

Notes: Percentages in this report are frequently shown as whole numbers; due to rounding they may not always add to 100

Table 2.4 Population of the Family Islands 1970 -- 1980

	1970	1980	Change Number	Change Percent
Abaco	6489	7324	+835	+13
Andros	8889	8397	--492	--6
Bimini and Berry	1976	1941	--35	--2
Eleuthera	9501	10600	+1099	+12
Central Islands	11161	9977	--1184	--11
-- Long Island	3896	3358	--511	--13
-- Exuma and Cays	3777	3672	--105	--3
-- Cat Island	2658	2143	--515	--19
-- San Salvador and Rum Cay	857	804	--53	--6
Southern Islands	3552	2727	--825	--23
-- Acklins	936	616	--320	--34
-- Crooked Island	715	550	--165	--23
-- Inagua	1109	939	--170	--15
-- Mayaguana	584	476	--108	--18
-- Ragged Island	208	146	--62	--30
Family Islands	41568	40966	--602	--1

Table 2.5

Bahamas - Components of Population Growth 1953 - 1990

Census Year	Population	Annual Rate of Increase	Components of Growth					
			Births	Deaths	Natural Increase	Rate of Nat. Incr.*	Net Immigration	Net Imm. as % of Nat. Incr.
1953	84,840	2.1	28,090	1,975	14,340	16.9	1,350	11.8
1963	130,220	4.4	32,470	8,960	23,510	18.1	21,970	93.0
1970	169,834	3.8	28,010	6,850	21,160	17.8**	16,184	88.9
1980	209,808	2.1	45,148	10,816	34,332	16.4	5,639	13.7
1990 (est.)	250,000	1.8	53,000	13,000	40,000	16.0	498	1.2

*persons per 100 population

**adjusted to 10 year period

Table 2.6 Bahamas -- Births, Deaths, Natural Increase and Marriages 1970 -- 1982

	Registered Live Births	Deaths excl. Still Births	Natural Increase*		Marriages
			Number	Rate**	
1970	4262	1054	3208	19	1385
1971	4462	948	3514		1268
1972	4691	1101	3590		1322
1973	4257	1180	3077		1288
1974	4382	1032	3350		1142
1975	3983	1029	2954		1047
1976	4807	976	3831		1037
1977	4775	1067	3708		1297
1978	4334	1077	3257		1189
1979	4809	1210	3599		1225
1980	5035	1338	3697	18	1392
1981	5251	1127	4124		1205
1982	5293	1092	4201		1524
Total 1970--1982	60341	14231	46110		16321
Rounded Ave. per year	4650	1100	3550		1250

*Births minus deaths

**per 1000 population

Table 2.7 Bahamas -- Marriages by Age Group -- 1970-81

Age of Bridegroom	Total 1970-81	Percent
15 - 19	692	5
20 - 24	5207	35
25 - 29	3820	26
30 - 34	1938	13
35 - 39	1078	7
40 - 44	703	5
45+	1280	8
Unknown	79	1
Total	14797	100

Table 2.8 Bahamas -- Population Age Distribution 1970 and 1980

Age Group	Percent Distribution 1970	1980
0 - 9	31	28
10 - 19	21	25
20 - 29	16	13
30 - 39	12	12
40 - 49	8	9
50 - 59	6	6
60 - 69	4	4
70+	2	2
Total	100	100

Notes: The 1970 population consisted of 49.6 percent males and 50.4 percent females; no figures for 1980 are as yet available.

Table 2.9 Private Households 1970 and 1980

	1970	1980	Increase Number	Increase Percent
New Providence	23078	30000	+6922	+30
Grand Bahama	7640	8300	+660	+9
Family Islands	9605	9850	+245	+3
Bahamas	40323	48150	+7827	+19

Table 2.10 Families in Households 1980

	Percent of all Households			
	0 Fam.	1 Fam.	2 Fam.	3 + Fam.
New Providence	21	67	10	2
Grand Bahama	23	69	6	1
Family Islands	25	65	8	1
Bahamas	22	67	9	2

Table 2.11 Average Household Size -- 1970 to 1990

	1970	1980	1990
New Providence	4.3	4.4	4.25
Grand Bahama	3.4	4.0	3.9
Family Islands	4.3	4.2	3.9
Bahamas	4.2	4.3	4.1

Table 2.12 Bahamas -- Birth and Death Rates 1970 to 1990

	Crude Birth Rate	Crude Death Rate
1970	26.4	6.1
1980	24.0	5.8
1990	21.5	5.4

Notes: Based on 3-year averages

Table 2.13 Family Islands Population -- 1980 and 1990

	1980	1990	Change Number	Change Percent
Abaco	7324	7600	+276	+4
Andros	8397	8200	-197	-2
Bimini and Berry	1941	1900	-41	-2
Eleuthera	10600	10700	+100	+1
Central Islands*	9977	9200	-777	-8
Southern Islands*	2727	2400	-327	-12
Family Islands	40966	40000	-966	-2

*see Table 2.4

Table 2.14 Projected Private Households -- 1990

	1980	1990	Increase Number	Increase Percent
New Providence	30000	40000	10000	33
Grand Bahama	8300	10300	2000	33
Family Islands	9850	10300	450	5
Bahamas	48150	60600	12450	26

EXISTING HOUSING STOCK

According to the 1980 census there were 48,150 private dwelling units in the Bahamas occupied by residents of the Bahamas.

The actual housing stock is higher by 14,000 units on account of seasonal dwellings (the census was carried out in May) and vacant dwellings, with the latter also including some abandoned dwellings, especially in the Family Islands.

More than 35,000 dwelling units (73 percent) are of the single-detached type, commonly called a single house. In Grand Bahama the proportion of single houses is much below the national average, while the housing stock in the Family Islands consists almost exclusively of single houses.

Single-attached dwelling units include semi-detached, duplex, row house units and dwelling units over stores; this category accounts for 13 percent of the housing stock. Apartments account for 14 percent in the Bahamas overall and for 37 percent in Grand Bahama.

While the first choice of most Bahamians is for a single-detached house it is noted that other types of housing, where provided, are also acceptable, although perhaps not as a matter

of first choice but rather as a matter of being available. In Grand Bahama almost 60 percent of households live in accommodation other than single houses (table 3.1).

Of the occupied dwelling units, 54 percent are owned and 46 percent are rented, with more than half of the units rented on an unfurnished basis. Since there is a relationship between the type of dwelling and its tenure, it is not surprising to find ownership less of a factor in Grand Bahama than elsewhere in the Bahamas. As is shown in Chapter 8, ownership, and the financial commitment that comes with it, is not affordable for many families in the market for a new house today (table 3.2).

The most common form of construction is masonry, usually with concrete blocks; 57 percent of all dwellings are thus constructed. At the same time, more than one-third of houses are made of wood. Typically these are older structures with a useful life that is less than for masonry structures (table 3.3).

The age of the housing stock is oldest in the Family Islands (55 percent pre-1961), followed by New Providence (45 percent pre-1961) and Grand Bahama (with only 16 percent pre-1961). Replacement demand, that is, the need to replace worn out structures with new ones, can be calculated keeping in mind the age of the existing housing stock (table 3.4).

The census did not provide information on housing condition.

This is a somewhat subjective measure depending much on the values of the occupants; nevertheless it is still possible to describe the overall condition of the housing stock. In 1980, in connection with the preparation of the Grants Town project, a simple condition survey was carried out which defined a house in average condition as requiring some repairs that could be justified in economic terms, and a house in poor condition as one where the cost of rehabilitation would be equal to or greater than the cost of replacement. On this basis the survey showed 39 percent of Grants Town consisting of houses in average condition and 39 percent in poor condition.

While Grants Town is certainly not typical of all of the Bahamas, there are nevertheless other areas throughout the Bahamas that have been observed as having a significant proportion of its housing stock in average to poor condition. Places such as Seagrape in Grand Bahama, Belleville in Exuma, Pinepum Bay and Cupid's Cay in Eleuthera, Moore's Island in Abaco, Marsh Point in Andros and St. James Road in New Providence come to mind.

As a generalized statement it might be concluded that the existing housing in the Bahamas can be characterized as to condition as follows:

Good condition	60 percent	= 28,890 units
Average condition	25 percent	= 12,038 units
Poor condition	15 percent	= 7,222 units
Total	100 percent	= 48,150 units

The above estimates does not take into account derelict and abandoned houses. There are many unoccupied structures that fall into this category, especially in the Family Islands and in Nassau Town (where 9.5 percent of all structures were not occupied at time of survey). While derelict and abandoned structures do not form part of the occupied housing stock, they do constitute an environmental problem in terms of presenting a safety and health hazard.

On average the existing housing stock has 3.7 rooms per dwelling unit, not counting the kitchen and bathroom. This translates to 1.2 persons per room in the Bahamas (versus 1.8 in Jamaica and 0.6 in Canada).

If it is assumed that each bedroom is to sleep two persons, an indication of what can be called 'overcrowding' is obtained by relating household size and number of bedrooms. Using this approximation, 29 percent of all households are overcrowded to some degree.

In terms of the provision of infrastructure, the census also collected information on water supply, toilet facilities, lighting and cooking fuel.

About 2 out of every 3 dwellings have water piped into the dwelling. Public standpipes serve 18 percent of households while other arrangements, such as public and private wells and water piped into the yard, serve 17 percent of households. Nine percent, or 17,000 households, do not have water

piped into the dwelling, of which 9,600 are situated in New Providence (Table 3.5).

About 2 out of every 3 dwellings have an inside flush toilet, with most of these connected to septic tanks. At the same time, 3 out of every 10 use a pit as toilet facility (in the Family Islands almost 1 in 2) (Table 3.6).

Combining water and sewerage data, it is estimated that 62 percent of Bahamas households have 'adequate' facilities, defined as having water piped into the dwelling and a flush toilet connected to either a public system or a septic tank or cesspit. The remaining 38 percent have less than adequate facilities.

Sharing by households of a pit as toilet facility occurs most frequently in Grand Bahama where 2 out of 3 households with a pit are sharing compared to 45 percent in New Providence and 25 percent in the Family Islands.

In the Family Islands more than 40 percent still use oil as a source of light. In the rest of the Bahamas, electricity is used by 9 out of 10 households (Table 3.7).

As for cooking fuel there is a wide divergence: the Family Islands rely mostly on bottled gas (59 percent) while Grand Bahama uses electricity (63 percent); New Providence predominantly uses gas (77 percent). Wood is still used by 14 percent of Family Island households (Table 3.8).

The preceding overview of the housing stock is a first in the Bahamas as the 1980 census collected this information for the first time. As such the information cannot be compared with a previous point in time, but this should become possible in the future. Nevertheless, the statistical profile of the housing stock has clearly indicated where improvements can be made.

Table 3.1 Occupied Dwelling Units by Type - 1980

	Single Detached		Single Attached		Apartment/ Flat		Total	
New Providence	22,750	(76)	3,850	(13)	3,400	(11)	30,000	(100)
Grand Bahama	3,450	(41)	1,800	(22)	3,050	(37)	8,300	(100)
Family Islands	9,100	(92)	400	(4)	350	(3)	9,850	(100)
Bahamas	35,025	(73)	6,175	(13)	6,950	(14)	48,150	(100)

Percentages in brackets

Table 3.2 Occupied Dwelling Units by Tenure - 1980

	Owned		Rented		Total	
New Providence	15,350	(51)	14,650	(48)	30,000	(100)
Grand Bahama	3,250	(39)	5,050	(61)	8,300	(100)
Family Islands	7,600	(76)	2,250	(23)	9,850	(100)
Bahamas	25,800	(54)	22,350	(46)*	48,150	(100)

*of the rented dwelling units 60% were rented unfurnished, 28% were rented furnished and 12% were rent free.

Percentages in brackets

Table 3.3 Occupied Dwelling Units by Principal Construction Material - 1980 (percent)

	Wood	Masonry	Stucco	Other
New Providence	16	80	3	1
Grand Bahama	27	60	12	1
Family Islands	36	54	9	1
Bahamas	18	77	4	1

Table 3.4 Occupied Dwelling Units by Age - 1980 (percent)

	Constructed		
	1960 or earlier	1961-69	1970-80
New Providence	45	28	28
Grand Bahama	16	60	25
Family Islands	55	24	21
Bahamas	44	32	24

Table 3.5 Occupied Dwelling Units by Water Supply 1980 (percent)

	Piped into Dwelling	Standpipe	Other*
New Providence	66	22	10
Grand Bahama	74	6	20
Family Islands	42	16	42
Bahamas	65	18	17

*Includes piped into yard; public well or tank; private not piped

Table 3.6 Occupied Dwelling Units by Water Facilities - 1980 (percent)

	Indoor Water Closet			
	With Piped System	With Septic Tank	Pit	Other Unit None
New Providence	30	62	27	2
Grand Bahama	30	65	21	4
Family Islands	2	42	47	9
Bahamas	8	59	30	3

Table 3.7 Occupied Dwelling Units by Type of Lighting, 1980 (percent)

	Electricity	Oil
New Providence	87	12
Grand Bahama	91	8
Family Islands	58	41
Bahamas	86	14

Table 3.8 Occupied Dwelling Units by Type of Cooking Fuel - 1980 (percent)

	Electricity	Oil	Gas	Wood
New Providence	5	16	79	0
Grand Bahama	63	9	27	0
Family Islands	5	19	59	16
Bahamas	15	15	67	3

construction on structures only for obvious limitations. At present, efforts are being made to improve the reporting of housing statistics. For the past record, the permit data has been analyzed to the extent possible and practical.

In New Providence private (residential) building permits started (that is, when work on the foundation of the structure has commenced) show an average number of starts of 711 per year for the period 1975 to 1982. There has been a definite upward trend in permits started, from 377 in 1975, increasing every year, to 1,089 in 1982. On this basis the performance has been encouraging (table 4.1).

However, permits for structures actually completed show a different picture. Average completions for the same 1975-82 period have been 466 per year, with the upward trend much less pronounced. For every three structures started over the period only two structures were completed, that is, ready for occupancy. While it is known that in the Bahamas many houses are 'under construction' for an inordinately long period, sometimes stretching over many years, this does not fully explain why over the total of an eight year period the number of started permits would differ so greatly from the number of completed permits since over time the difference should have averaged out. The construction statistics suggest that since 1975 some 2,000 residential structures have been started that have not yet been completed.

A similar situation exists in Grand Bahama: since 1975 there

have been 731 starts and 418 completions, on average 91 and 52 per year respectively. The Grand Bahama construction statistics, starting in 1975, combine Freeport and the rest of Grand Bahama, whereas prior to that date the Grand Bahama figure was limited to Freeport. The seventies was a slow period for residential construction in Grand Bahama but there are indications that this activity is increasing. According to Grand Bahama Port Authority statistics an average of 190 dwelling units have been started over the last five years (table 4.2).

For the Family Islands, only the number of permits issued is published. Over the last 8 years 147 residential permits were issued per year on average. This does include renovations: out of 917 permits for the period 1970 to 1982, 72 were for miscellaneous residential constructions with an average value of $5,000 each. Analysis of Family Island permits by type of dwelling shows that 83 percent were for single family homes and the balance for multiple structures which are believed to include mostly resort units (table 4.3).

Another weakness of the statistics is that there is no differentiation between structures intended for use by Bahamian families and those intended for touristic and seasonal occupancy by non-Bahamians. In this respect, the Grand Bahama Port Authority has estimated that of the 952

units started since 1979, about 83 percent are intended for the resident population and 17 percent for non-residents.

Given the above described data, it is difficult to arrive at precise annual national figures for new dwelling unit production.

To partially overcome this deficiency, an analysis was carried out for New Providence to determine the actual number of dwelling units completed (i.e. occupancy certificate issued). Based on a review of completed building permits since 1977, it was established that the 3,769 permits completed represented 4,646 dwelling units, or 1.23 units per permit on average. The number of units completed increased from 516 in 1977 to 836 in 1983, or 664 per year on average. The record 1983 output benefitted from the completion of 188 Government-initiated housing units (table 4.4).

As to type, the 4,646 New Providence dwelling unit completions consisted of 75 percent single family houses, 12 percent duplex and triplex units and 13 percent apartment and row units (table 4.5).

Building permit fees are based on square footage rather than estimated cost. There is thus no need for applicants to purposely supply a low estimate although underestimation of actual cost frequently occurs. Completed units by value of

structures (not including land) show the following, with the upward shift between 1977 and 1983 principally on account of inflation:

Cost of Dwelling Units:	1977	1983
Up to $12,000	24%	6%
$12,000 to $24,000	26%	33%
$24,000 to $60,000	45%	51%
$60,000 to $120,000	4%	8%
Over $120,000	1%	2%

In 1983 the majority of houses in the $12,000 to $24,000 cost range include those completed in the Government's Yellow Elder Gardens subdivision.

The 1977-1983 analysis also reviewed the structures with more than one unit with the following results: there were 223 duplexes completed, 46 triplexes, and 40 fourplexes. On the high end of the range, there was only one structure with 36 units, followed by one with 18 units. If structures with 8 units or more can be called apartment buildings, there were 22 such buildings constructed since 1977 (Table 4.7).

Recent construction figures of single family homes in Westport show that houses are being constructed in a wide price range, with no apparent concentration (Table 4.8).

As for the price and availability of existing houses for moderate to low income families, a survey of homes in New Providence advertised in the press by individuals and real estate agents showed a limited supply: over a three months period only 100 houses below $60,000 were advertised for sale with 44 below $40,000. Although the survey is only indicative, it does suggest that the market for existing moderately priced ownership homes is tight, with probably a vacancy rate of less than 1 percent (Table 4.9).

This chapter has dealt with housing production but mention should also be made of the reverse: demolition. Throughout the Bahamas numerous abandoned dwellings are encountered, many of which quickly turn into derelict structures which are no longer useable. The Ministry of Works and Utilities has the legislative power to demolish abandoned structures. In New Providence the record of the last four years is as follows:

1980	-	312 demolitions
1981	-	334 "
1982	-	147 "
1983	-	73 "

There are still hundreds of vacant and derelict houses that should be torn down.

Table A.1 Number of Residential (Dwelling) Building Permits Started and Completed 1973-1982

	New Providence		Grand Duchess		Family Islands
	Started	Completed	Started	Completed	Issued
1973	N.A.	259	34	9	N.A.
1974	N.A.	336	24	13	N.A.
1975	377	292	64	42	79
1976	453	380	48	32	32
1977	534	375	65	39	71
1978	696	401	69	38	75
1979	795	503	104	68	135
1980	826	613	87	50	249
1981	921	570	114	71	252
1982	1,089	599	180	78	281
1975 - 1982	5,689	3,733	733	418	1,174
Average per year for 1975/82 period	711	466	91	52	147

N.A. - not available

Table A.2 Freeport -- Residential Building Permits 1979-1983 (number of units)

	Single family	Duplex	Apartment	Total dwelling units
1979	51	22	56	129
1980	104	nil	39	143
1981	72	10	60	142
1982	137	18	41	196
1983	272	14	56	342
1979 -- 1983	636	64	252	952
Average per year	127	13	50	190

Sources: Grand Bahama Port Authority

Table 4.3 Family Islands - Permits Issued for New Residential Units, 1979-1982

	Single Family	Duplex	Apartment	Total
1979	120	4	27	151
1980	213	4	100	317
1981	236	12	30	278
1982	245	20	76	341
Total	814	40	233	987

Table 4.4 New Providence - Residential Building Permits and Dwelling Units Completed 1977 - 1983

	Building Permits Completed	Dwelling Units Completed	Ratio of Dwelling Units to Building Permits
1977	375	516	1.38
1978	401	545	1.36
1979	503	628	1.25
1980	633	753	1.23
1981	570	667	1.17
1982	599	701	1.17
1983	708	836	1.18
Total	3,769	4,646	1.23
Ave. per year	538	664	1.23

Table 4.5 New Providence -- Dwelling Units Completed by Type, 1977-1983

	Single Family Units	Duplex and Triplex	Apartment and Row
1977	419	63	34
1978	433	49	63
1979	465	72	91
1980	545	73	135
1981	487	109	71
1982	537	85	99
1983	605	133	98
Total	3,471	584	591
Ave. per year	496	83	84
Percent	75	12	13

Table 4.6 New Providence -- Dwelling Units Completed by Value of Structure 1977-1983

	Up to $12,000	$12,000 to $24,000	$24,000 to $60,000	$60,000 to $120,000	Over $120,000
1977	125 (24)	135 (26)	234 (45)	22 (4)	4 (1)
1978	105	144	259	28	9
1979	36	144	379	54	35
1980	68	191	395	72	27
1981	59	156	334	89	29
1982	69	192	346	73	21
1983	53 (6)	273 (33)	423 (51)	68 (8)	19 (2)
Total	515	1,231	2,370	406	124

Percentages in brackets

Table 4.7 New Providence -- Dwelling Units Completed in Structures with more than one Unit: 1977-1983

Structures with	Number of Structures	Number of Units
2 units	223	446
3	46	138
4	40	160
5	17	85
6	13	78
7	1	7
8	7	56
9	3	27
10	3	30
12	3	36
14	2	28
15	2	30
18	1	18
36	1	36
	362	1,175

Table 4.8 Freeport -- Estimated Cost of Single Family Houses for which Permits issued during July - August 1983

Less than $40,000	9
$40,001 - $50,000	4
$50,001 - $60,000	5
$60,001 - $75,000	7
$75,001 - $100,000	4
$100,001 - $150,000	3
$150,001 +	5
Total	37

Sources: Grand Bahama Port Authority

Table 4.9 New Providence -- Asking Prices of Advertised Moderately priced Single Family Homes, Fall 1983

House Price Range	# and %
Up to $30,000	12
$30,001 -- $40,000	32
$40,001 -- $50,000	22
$50,001 -- $60,000	34
Total	100

In New Providence the situation, at first sight, is not nearly as clear. For this reason a detailed land analysis was prepared. This analysis sought to establish the extent to which approved subdivisions had been completed in terms of the number of lots that had been built upon.

The typical development process starts with a vacant tract of land which is then divided into building lots. This process called subdividing is described in Chapter 6. The power to grant approval for a private plan of subdivision rests with the Ministry of Works and Utilities and normally the landowner seeking to subdivide is required to provide a number of infrastructural services to and within the proposed subdivision before individual lots can be sold. Once a building lot has been sold it is then up to the owner to construct a house on it, to hold the lot for future use, or to hold it as an investment.

Research has identified some 245 approved plans of subdivisions in New Providence. On the basis of data that could be assembled on 228 of the 245 subdivisions, it was calculated that these subdivisions cover close to 8,000 acres (about 15 percent of the land area of New Providence). The number of residential building lots laid out in these subdivisions is in excess of 32,500.

To-date, houses have been constructed on some 14,500 lots,

leaving 18,000 lots still vacant. Of the building lots approved, 44 percent are occupied and 56 percent are not occupied. This means that, without further land planning, some 38,000 houses could be constructed in New Providence (Table 5.2).

As to the characteristics of the present owners of vacant lots, this is a matter of some speculation since comprehensive records are not available. However, it is believed that

- most lots are owned by Bahamian individuals
- most lots are held clear of outstanding debt
- many lots are held for eventual use by the owner or his family
- many lots are held as long term investment, and
- most lots are in higher priced subdivisions.

It would seem that a large proportion of these lots can go towards satisfying land requirements for housing Bahamians in New Providence. To achieve this end it will be necessary that lots become effectively available for house construction. To some extent this will be a function of price. Prices of building lots in New Providence presently range from $5,000 to $9,000 in low to middle-income subdivisions.

Even if a substantial number of the ready building lots are absorbed through construction over the next decade, the housing demand in New Providence is such that new subdivisions

need to be planned. It is estimated that over the next five years, plans of subdivision require to be prepared and approved that would add some 4,000 to 5,000 lots. This will require a considerable effort.

In contrast, since 1976, 14 subdivisions have received final approval, adding in eight years less than 1,000 building lots to the stock of lots. It is important to continue the creation of lots so as to continue to allow Bahamians to purchase lots on an installment basis in advance of need. This would allow recently married couples and young persons to continue an old Bahamian tradition of starting to pay on a lot as a first saving effort upon entering the job market. At present, few if any subdivision developers have an inventory of reasonably priced lots available in subdivisions in New Providence as was the case in the 1950's, the 1960's and the beginning of the 1970's.

Development Planning

The primary reason for the low level of new subdivision activity since the mid-seventies is the requirement that new subdivisions with more than 25 lots must have a piped sewerage collection and disposal system. Prior to 1975 subdivisions were allowed to be developed with individual septic tanks. In fact, most of the lots identified as

currently being vacant can be constructed on with septic tanks. A further deterrent to subdivision development in New Providence has been the requirement for underground electrical and telephone utilities.

The sewerage system requirement makes it uneconomical for most private developers to proceed with new subdivision plans as this increases the development cost per lot by as much as $2,500 on an incremental basis. (sewerage system cost less septic tank cost). Underground utilities are more than twice the cost of overhead utilities. These requirements substantially raise the working capital the developer needs and impact upon the market for would-be purchasers of serviced lots. The question of sewerage system operational charges is a further complication, especially in partially completed subdivisions.

The insistence on piped sewerage disposal systems and underground utilities for new subdivisions is a matter that should be reviewed so as not to continue to inhibit and set back forward planning for housing. Indeed, Government last year approved a policy whereby all subdivisions up to 100 lots are allowed to proceed without piped sewerage system and underground utilities.

Ultimately, the setting of appropriate standards for subdivision development will require resolution within the context of a realistic overall land use and infrastructure plan for the whole of New Providence. Given the dimension of growth that is to come, the preparation of such a plan is now timely.

In the meantime, however, quantities of new building lots should become available for residential construction. The Ministry of Housing and National Insurance has commenced the planning of subdivisions in New Providence which will yield some 1,000 lots. Subdivisions in Grand Bahama and Abaco are also on the drawing board, while Government subdivisions in other islands are also being considered.

Land Titles

One of the greatest constraints to home construction and financing in the Bahamas is defective land titles. Thousands of Bahamians in New Providence, Grand Bahama, Eleuthera, Abaco, Exuma, Cat Island, Long Island, Andros and elsewhere are unable to obtain financing even from the Bahamas Mortgage Corporation because of defective or non-existent land titles.

The development and implementation of a simple and inexpensive method and means by which the title of occupied land can be

established requires only consideration.

Types of title problems common in the Bahamas are:

(1) Lack or absence of documentary title to property even though evidence of occupation and claim to ownership are not in dispute

(2) Vesting of property in New Providence from reputed owners who themselves have no documentary title.

(3) Squatting for stipulated periods.

(4) Communage Land

(5) Generation Land

(6) Lack of boundary surveys.

In all of the above cases, mortgage financing presents a problem.

Examples of areas where one or more of the above constraints are operative include West End and Eight Mile Rock in Grand Bahama, Cooper's Town in Abaco, Rock Sound in Eleuthera, Rolleville in Exuma, Carmichael Creek in Andros and Nassau Village, Montell Heights and Fort Fincastle in New Providence.

The market value of a property is determined by what a willing purchaser would pay a willing seller for the property on the open market. Properties without legally marketable

will be lower little value. With mortgage lending not being available for repairs and extensions, such properties often deteriorate into a state beyond repair.

A housing production programme which cannot rely on an inexpensive and simple means by which little problems can be tackled is not likely to succeed.

Table 5.1 Ownership of Land in the Bahamas -- square miles

Island Including Cays:	Crown Land and Government Land	Privately Held Land	Total
Abaco	555	94	649
Andros	2,149	173	2,322
Central Islands	110	471	581
Eleuthera	121*	79	200
Grand Bahama	207	323	530
New Providence	7	75	82
Southern Islands	514	465	1,019
Bahamas	3,703	1,680	5,383
Percent	69	31	100

*includes five commonages totaling 27 sq. miles

Notes:-- Central Islands include Long Island, Exuma and Cays, Cat Island, San Salvador and Rum Cay
-- Southern Islands include Acklins, Crooked Island, Inagua, Mayaguana and Ragged Island
- Commonage land also exists in Exuma.

Source: Department of Lands and Surveys

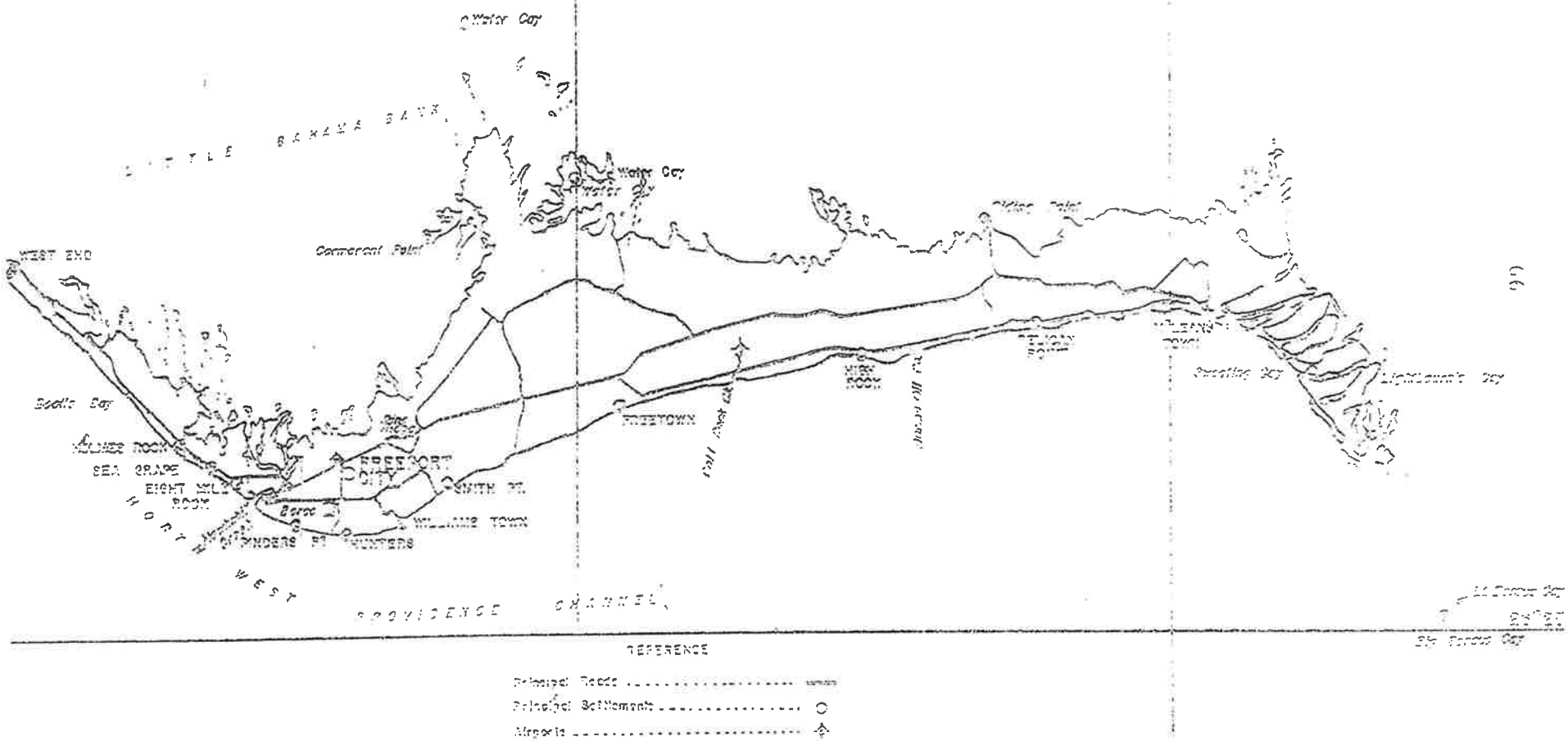
Table 5.2

SUMMARY OF NEW PROVIDENCE SUBDIVISION LAND ANALYSIS

PLANNING DISTRICT	1980 POPULATION	NUMBER OF SUBDIVISIONS		TOTAL AREA (IN ACRES)	NUMBER OF LOTS	NUMBER OF LOTS BUILT-UPON	NUMBER OF VACANT LOTS	NUMBER OF LOTS/ACRES
		TOTAL	DATA AVAIL.					
1	4498	1	1	74.4	80	26	54	[illegible]
2	42880	14	12	732.4	2517	2049	468	[illegible]
3	29813	11	8	214.1	2089	1919	169	[illegible]
4	5562	34	28	482.1	1273	845	428	[illegible]
5	5992	15	14	429.7	1592	857	735	[illegible]
6	2940	15	15	347.9	1024	207	817	[illegible]
7	2254	10	10	816.8	2466	543	1923	[illegible]
8	2259	12	12	94.8	403	124	281	[illegible]
9	9488	24	32	1054.4	7148	1537	8511	[illegible]
10	8578	24	24	721.5	3876	1912	2054	[illegible]
11	7812	13	13	956.1	2317	1391	926	[illegible]
12	4993	2	2	149.3	1073	1073	0	[illegible]
13	2457	15	15	251.9	1094	305	789	[illegible]
14	4731	10	10	618.4	3111	1302	1809	[illegible]
15	430	4	4	57.3	69	18	51	[illegible]
16	112	2	2	42.5	54	0	54	[illegible]
17	1767	11	8	332.0	832	342	490	[illegible]
18	495	6	6	351.6	1094	92	1002	[illegible]
19	452	2	2	94.7	250	105	145	[illegible]
20	426	3	3	61.0	134	21	113	[illegible]
21	146							
22	252	1	1	17.7	66	17	49	[illegible]
TOTALS	136437	245	228	7870.4	32574	14477	18097	[illegible]


New Providence, Bahamas

GRAND BAHAMA



REFERENCE

Principal Roads .....

Principal Settlements ..... ○

Airports ..... ✈

PLANNING AND SERVICES

6

The planning for new housing in the Bahamas, that is, the obtaining of official permission to construct, usually involves two procedures:

1. Subdivision approval. This allows for the division of raw land into a number of building plots, and the provision of infrastructure services to the building plots.
2. Building permit approval. This allows for the erection of a structure on a specific building plot in accordance with building regulations.

The Ministry responsible for the issuance of approvals and permits is the Ministry of Works and Utilities. In the Freeport area of Grand Bahama, the Grand Bahama Port Authority carries out these functions. In the Family Islands, the Commissioners and their Planning Committees are involved; they have the authority to issue building permits in respect to houses up to 1,200 sq. ft., or up to 2,500 sq. ft. if a Ministry of Works engineer is stationed on the island. Residential permit application above 2,500 sq. ft. and subdivision applications are processed and approved according

to the procedures described below.

Subdivision Approval Process:

The approval of a plan of (land) subdivision by the Ministry of Works and Utilities is subject to the procedure as outlined in Exhibit 6.1. The paragraphs numbered below are keyed to the Exhibit. The relevant statutes are the Private Roads and Subdivisions Act (1961) and the Town Planning Act (1961), as amended, and the Regulations pertaining to these Acts.

1. A letter describing the proposed land use is submitted to the Department of Physical Planning requesting land use approval in principle. This step is at times necessary in the absence of approved development plans and zoning regulations. Since development is allowed on a spot zoning basis this ensures that the timing and type of land use (residential, commercial or other) are appropriate for the area.

2. The Town Planning Committee approves (or refuses) the intended land use only. The TPC is a lay body of seven persons appointed annually by the Government.

3. A formal application (together with 8 copies of the proposed plan) is submitted to the Ministry of Works and Utilities, for Outline Approval of the plan of subdivision, based on the approved land use. On behalf of the Ministry, the Subdivision Officer requests five entities to review the

plan for conformity with prescribed standards.

4a. The Physical Planning Department reviews the lay-out of the subdivision (site plan), the proposed lot sizes and the specific land use. The minimum residential lot size is 6,000 sq. ft. for low-income subdivisions and 6,000 sq. ft. for other subdivisions. The PPD recommendations are submitted to the PPC for approval.

4b. The Water and Sewerage Corporation reviews the proposed plan. If an extension from an existing water main to the property boundary is required, the cost of this must be borne by the developer, who is also responsible for the cost associated with the water distribution system within the subdivision. Normally the WSC carries out the installation of water systems and makes the connection to individual houses. The residential lot owner pays the connection-fee to WSC. Such charges range from $250 to $500, depending on the diameter of the supply pipe.

In order to obtain approval, a subdivision of 100 or more lots requires a piped sewerage system, for the collection and disposal of sewerage.

The sewerage system for a new subdivision would normally be installed by WSC, at the developer's cost, although recently two developers and the Ministry of Housing and National Insurance were granted permission to contract privately for the installation of sewerage systems in their subdivisions.

There are no clear standards and specifications for sewerage systems and each application is considered independently. Collection is typically by a piped network relying on a combination of gravity and force main. Treatment and disposal may be by disposal well, packaged plant, lagoon or combination. WSC would normally expect to own and operate the system upon completion, with the house-owner paying for the connection (about $200 in new subdivisions) and operating charges. Quarterly sewerage bills in the Yellow Elder subdivision are about $22 per house.

4c. The Bahamas Electricity Corporation reviews the proposed plan from the point of view of supplying household electricity and street lighting. Developers are required to pay for the electrical service to and within the site. For private subdivisions the Bahamas Electricity Corporation requires underground service, carries out the installation and owns the system. The $220 connection fee to the dwelling is on the home-owner's account.

4d. The Roads Department of the Ministry of Works reviews the application for road requirements. Depending on anticipated traffic and design speeds, the width of road reservation ranges from 36 to 76 ft., and carriageways from 20 to 24 ft. Roads are required to be paved with hot mix asphalt in New Providence while other less costly and durable surfaces are permitted in the Family Islands. The roads in a subdivision may be taken over by the Ministry of Works at the request of the developer. The 1968 road specifications also include a requirement for 3 or 4 ft. wide sidewalks on both sides of the road. This provision was not enforced until 1982.

4e. The telephone company, Batelco, follows Bahamas Electricity Corporation requirements for underground electricity service it will utilize the same trench. The developer pays for the installation of telephone service, with individual home-owners paying for connections. Usually electricity and telecommunications are installed on one side of the road, water on the other and sewerage in the middle.

5. The comments and requirements from the above Corporations and departments are collected and compiled by the Subdivision Officer of the Ministry of Works after which a recommendation is prepared for approval or otherwise of the subdivision application.

6. The Director of Works reviews the recommendation before sending it to the Permanent Secretary.

7. A decision is then made by the Ministry, taking into account, inter alia, the recommendations made by technical staff of the Ministry.

8. The Ministry's decision is conveyed to the applicant by the Subdivision Officer. If favorable this is called Outline Approval. It sets out the specific conditions the developer will need to satisfy before final approval can be given.

9. The applicant at this point pays the subdivision fee ($1.50 per 1000 sq. ft. of saleable area) and posts a performance bond for the estimated cost of the infrastructure (plus 20 percent). The applicant is also required to prepare and submit detailed survey and site plans.

10. After the required documentation, plans, fees and bond are submitted, Final Approval is given which allows the developer to commence infrastructure work and lot sales. The Ministry of Works inspects to ensure that the infrastructure works are in accordance with the approved plan. The approved plan is normally registered with the Department of Lands and Surveys.

There is no set time limit for the subdivision approval process, although the Ministry of Works and Utilities has stated that Outline Approval can normally be expected within 3 months from the date of application. However, experience has shown that the time it takes to process an application can vary substantially and can be lengthy. This can have the effect of retarding development and increasing developer's risk.

Building Permit Approval Process

The issuing of a building permit by the Ministry of Works and Utilities accomplishes three objectives:

- conformity to planning regulations
- conformity to health regulations
- conformity to building regulations.

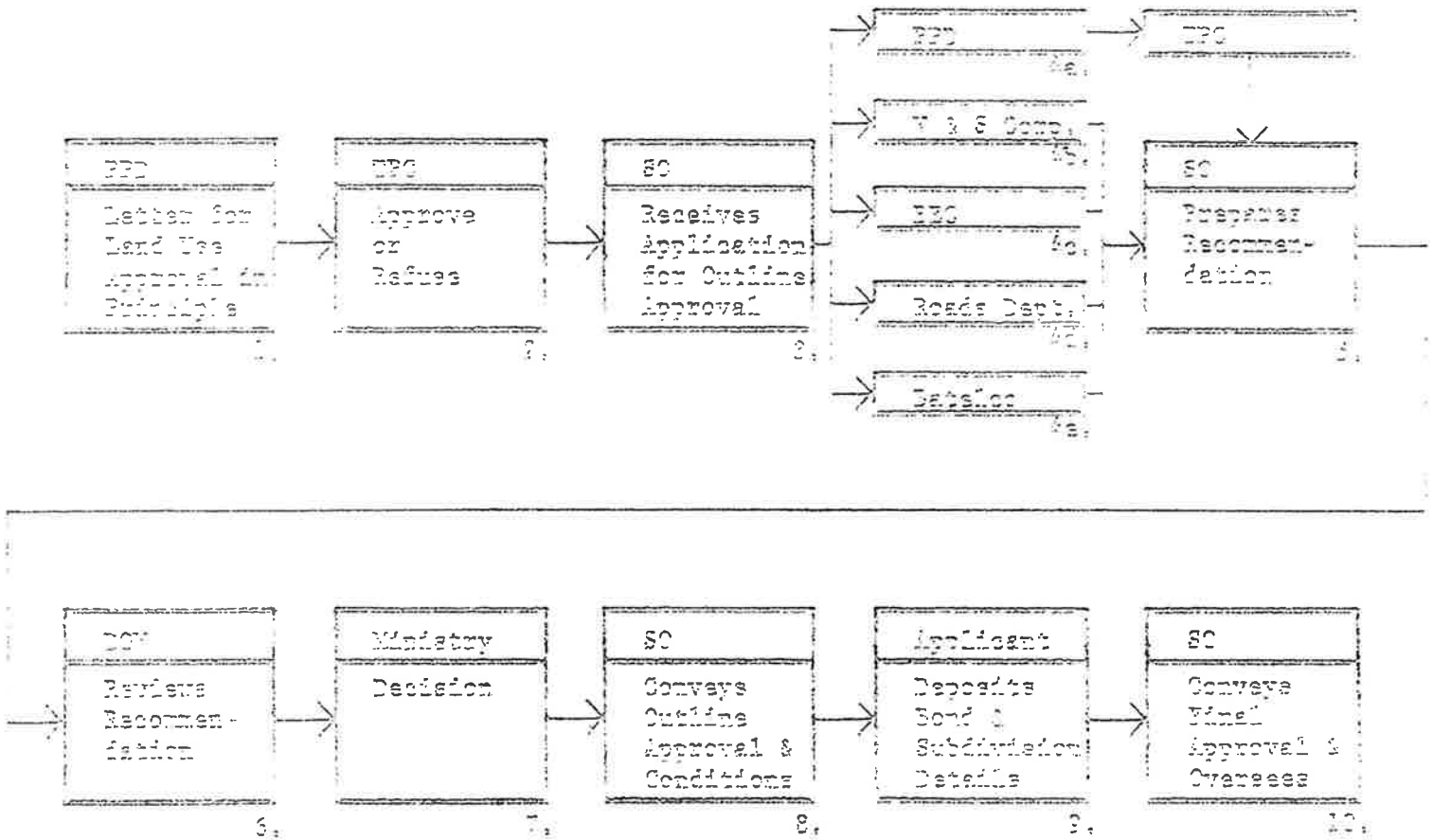
The request for a building permit for a single family residential structure in an approved subdivision would follow the steps as shown in Exhibit 6.2.

1. Three copies of plans are submitted to the Building Control Section. This would usually include a location plan, a site plan and construction drawings. A deposit on the building fee is also paid at this time.

2. BCS records the receipt of the application. A cursory check determines if there are any potential problems for the Roads Department (such as lines of vision). If so,

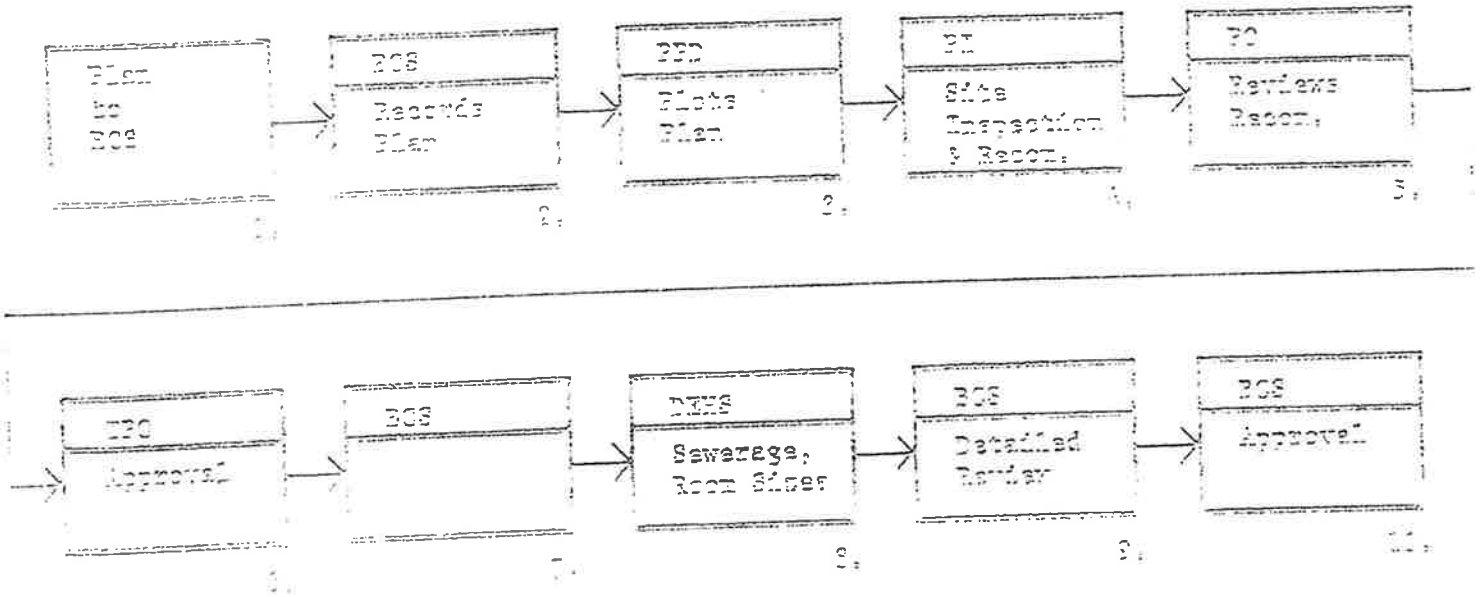
which the Ministry of Works and Utilities is able to deal expeditiously and efficiently with all the prerequisites to dwelling construction directly and significantly affect levels of housing production.

EXHIBIT 6.1 SUBDIVISION APPROVAL PROCESS



DPD — (XXX) Regional Planning Department
DPC — Area Planning Committee
SO — (XXX) Subdivision Officer
DOT — (XXX) Director of Works

EXHIBIT 6.3 BUILDING PERMIT APPROVAL PROCESS



BCS -- BCS; Building Control Section
PPD -- BCS; Physical Planning Department
PI -- Planning Inspector
PO -- Planning Officer
PZO -- Zone Planning Controller
DEHS -- BCS; Department of Environmental Health Services

CONSTRUCTION INDUSTRY

The residential construction industry in the Bahamas can be characterized as being underdeveloped. There are few well equipped large firms and many small firms and individual contractors.* Most of the small construction firms are only able to take on a contract for a few houses at one time. These firms are sometimes poorly capitalized and often lack the ability to organize effectively.

The time it takes to complete a modest house is much longer than it should take, sometimes up to a year. Because the residential construction sector suffers from low productivity, profits that can be made by small firms are limited and this in turn retards growth. A handful of large firms concentrate on non-residential construction.

In the Bahamas many houses are constructed on a custom or individual basis. The prospective homeowner acquires a building lot and pays for it over a number of years. Then a set of plans is obtained or specifically drawn for the owner, usually by an architect or draftsman who usually has little regard for the owner's ability to afford the cost of the proposed house. Usually with the aid of contractors or sometimes friends, the foundation is then laid and the

*Estimates put the number of persons employed in the overall construction industry between 6,000 and 8,000. It is not known how many firms are active in residential construction.

concrete block walls are erected. This is then capped with a reinforced concrete bellcourse that ties the walls together and later ties the roof down. Many houses up to this stage of construction can be found throughout the Bahamas.

Then the financial constraints become apparent. Because construction costs up to bellcourse usually account for only 25 percent of the total construction costs, a large amount remains to be financed. Contractor estimates to completion often represent more than is affordable, with the result that the house remains 'under construction' for a considerably longer period of time than was originally intended and often is never completed.

What this points to is a need to marry housing aspirations and realistic affordability at an early stage in the proceedings. The experienced and knowledgeable contractors could play a major role in this exercise. Similarly, architects and draftsmen who prepare house plans for prospective house owners could advise as to costs and affordability.

There is practically no speculative building in the Bahamas, whereby contractors pre-construct houses and sell them subsequently. Nearly every house being constructed already has a specific owner designated. This includes

houses in Government subdivisions they are allocated to applicant families. In effect, houses in the Bahamas can not be built fast enough.

Construction in anticipation of sales should be possible in a strong housing market, provided construction is at a good level of productivity, thus decreasing the construction period and limiting the interim finance charges.

There have been a few experiments with system building in the past but only on a limited scale and not successful enough to have warranted continuation. System building includes construction methods which utilize pre-assembled, factory-produced building components or on site use of materials in ways not used in traditionally constructed buildings.

At the present time there are two companies in the Bahamas active on a more than experimental scale in system building. One is Bramco Housing (Bahamas) Limited in Freeport. This company is importing from the United States a prefabricated timber frame house; foundation work and finishing takes place on the site. The smallest house (1,008 sq. ft.) is priced at $45,000 for the house only, exclusive of customs duty but including kitchen appliances and carpeting. Between October 1982 and January 1984 the company has taken about 50 orders. Individual purchasers who work for licencee companies in

Freeport are exempt from paying import duties on the house in accordance with the provisions of the "Hawksbill Creek Agreement Act".

In New Providence, Arawak Homes Limited has commenced the construction of concrete housing, using a form system that allows for the continuous pouring of walls and ceilings. The company commenced to operate in Pinewood Gardens subdivision in late 1983 and initially offered a 920 sq. ft. house for $34,000 inclusive of lot and piped sewerage system. As of March 1984 this price increased to $36,600. A total of 95 houses have been booked to the end of March 1984. With two sets of forms, the company hopes to achieve a rate of construction of 8 houses per week.

The Ministry of Housing and National Insurance in 1983 conducted a worldwide search for building systems that would be suitable for introduction in the Bahamas. A shortlist of appropriate systems has been identified and negotiation with suppliers has commenced. It is the hope that several systems can be field tested during 1984. The foreign building systems would be introduced in the Bahamas in close association with local builders who would carry out the site preparation, erection and finishing.

The aim of these various efforts is to increase the housing production in a timely and productive manner. It is clear that solely utilizing methods of the sixties and seventies

will not suffice for the eighties in replacements due to be met.

A survey of the approved builders listed with the Ministry of Housing and National Insurance has indicated that many builders are not in a position to take on large contracts for the construction of housing projects, although many builders are able to undertake small contracts and housing rehabilitation work. It will be necessary for many firms in residential construction to organize and manage themselves more effectively and to increase their standards of workmanship.

In this connection the Bahamian Contractors Association should be mentioned. This Association, formed in 1963, now has some 28 member firms. Periodically, the Association enters into an agreement with the Bahamas Construction and Civil Engineering Trade Union to establish minimum hourly wage rates and working conditions for the members of the Union, about 500. The Association and the Union could jointly and separately be involved in efforts to bring the industry to higher levels of productivity. Seminars and workshops would be one of the means through which practical information could be disseminated, such as the homebuilder seminars organized by the Ministry of Housing and National Insurance in February 1984.

From the point of view of more formal education, the College of the Bahamas offers a diploma programme in industrial technology. This two-year programme can be entered with three 'O' levels and leads to diplomas in construction engineering

technology, electrical technology or architectural drafting with 5 Bahamas Junior Certificate credits and one year in the pre-technology programme. It is also possible to enter the diploma programme.

On a more practical level, the Government's National Industrial Training Council offers a programme to school leavers and others who have no skill but wish to acquire one. Certificate courses are offered, among others, in carpentry, masonry, electrical installations and repairs, plumbing, and welding. The courses run for six months and incentive payments of $47 per week are made by the Government to those registered. Upon completion, assistance is provided with job placement. In any six months period some three hundred students thus acquire basic skills that enable them to continue with on-the-job training.

Considering the amount of residential construction that is to take place in the Bahamas over the next decade, the question up with technical and business skills should be rewarding for individuals and firms alike.

household income is defined as the combined income of all members of a household. The incomes recorded by the 1980 census are believed to reasonably reflect the income situation in any event they are the result of the most elaborate data collection undertaking of its kind in the Bahamas, subject only to individual human tendencies to either understate or overstate incomes, whether this be intentionally or unintentionally, as would be the case when the head of the household is not fully apprised of incomes of other members of the household. A comparison with 1979 incomes collected through sample surveys indicates that, at least, the census income distribution is consistent. In terms of a broad picture, then, the 1980 data discussed below is considered to be acceptable.

There is a distinct difference between the incomes of owners and those of renters. About half the owners had household incomes in excess of $10,000 whereas some 40 percent of renters had incomes above $10,000. This stands to reason, for many renters, if they had higher incomes they would not be renters, but, as a matter of preference, be owners. There are, of course, those who would be renters as a matter of choice.

Those earning between $10,000 and $20,000, in 1980, include

owned proportion of owners and renters (Tables B.1 and B.2). On the whole, incomes in Grand Bahama are somewhat higher than those in New Providence, which in turn, are significantly higher than Family Island incomes, at least in the case of owners.

Shelter cost is defined as the dollar amount of monthly rent or mortgage. For owners, the census indicates that 74 percent of owners did not have a shelter cost. Thus some 19,450 households who own their dwelling do so without having to pay monthly mortgage payments. Shelter cost for homeowners is slightly higher in Grand Bahama compared to New Providence (Table B.3).

The average 1980 owner shelter cost of $293 reported through the census combines those with long-standing arrangements and those who recently assumed mortgage payments. For one mortgage company, the average monthly payment made on loans issued in 1980 is $371.

For renters i.e. those who live in rented accommodation, 33 percent live rent-free. The incidence of not having to pay rent is most pronounced in the Family Islands. In New Providence 16 percent pay rent in excess of $200 per month, compared to 40 percent in Grand Bahama. The average rent in New Providence is $139, $196 in Grand Bahama and $94 in the Family Islands. In total there are some 39,000

Combining household income and shelter costs, it was calculated that those paying in excess of 25 percent of income account for:

- 7 percent of all owners, or
- 26 percent of those owners with mortgages.

Similarly for renters, those paying in excess of 25 percent of income include:

- 25 percent of all renters, or
- 29 percent of renters exclusive of those who do not pay rent.

In actual numbers, there are in the Bahamas some 7,500 households that pay a shelter cost in excess of 25 percent of household income.

The 1980 incomes for New Providence were also made available on a constituency basis. Both median and average incomes were calculated, and subsequently adjusted to 1983, using an inflation factor of 25 percent. Thus the assumption was made that all household incomes had increased by 25 percent between mid 1980 and the end of 1983, noting that 3½ years period the Consumer Price Index rose by 24 percent. Public service salaries increased by 22 percent over a 3 year period, from January 1980 to January 1983.

The results show that the average New Providence household income was close to $15,000 by the end of 1983 and that the median income at that time was about $11,500. There are

thus an equal number of households that earn less than $11,500 as there are that earn more than $11,500. The difference between the average and the median is due to the fact that relatively few households with very high incomes cause the average to increase (Table 8.5).

The constituency in New Providence with the lowest income is Bain Town; the one with the highest is Delaporte. In general, all the central Nassau constituencies are below the average and the outlying ones are above. In Bain Town and Grants Town there are some 3,500 households that have incomes of less than $6,000 per year at the end of 1983.

Exhibit 8.1 shows the overall distribution of New Providence incomes. This analysis shows that:

- some 25 percent of households (7,500) have incomes below $7,500
- some 50 percent of households (15,000) have incomes below $12,000
- some 75 percent of households (22,500) have incomes below $16,000.

In terms of the shelter cost (mortgage or rent payment) that can be afforded by households, it is assumed that 30 percent of income can be expended on shelter. While a norm of 25 percent is typically used in North America, it must be remembered that in the Bahamas gross and net incomes are really the same in the absence of income taxes. While Bahamians pay substantial consumption taxes on account

of import duties, and pay substantial utility charges, it is nevertheless considered that the average family can expend 30 percent of household income on shelter. The Bahamas Mortgage Corporation utilizes this yardstick in many cases.

At 30 percent of income, the income and shelter cost relationships are as follows:

Annual Income	Can afford to pay on shelter per month
$6,000	$150
$8,000	$200
$12,000	$300
$16,000	$400
$20,000	$500

This information, combined with the distribution of New Providence incomes, indicates that:

- 15 percent of all households (4,500) can afford to pay $500 per month on shelter
- 25 percent (7,500) can afford to pay $400
- 50 percent (15,000) can afford to pay $300
- 70 percent (21,000) can afford to pay $200
- 85 percent (25,500) can afford to pay $150 and, conversely,
- 15 percent (4,500) cannot afford to pay $150 (Exhibit 8.2)

The affordability analysis shows the shelter cost that can be supported by different incomes, regardless of what actually

is being paid. As the preceding pages have shown, there are many households that do not have a shelter cost just as there are many household that pay in excess of 25 per cent of income. While everyone is now housed in one fashion or another, the analysis really is of importance to those who are now, or will be, in the housing market, that is, interested in securing owned or rented accommodation. As Chapter 2 has shown, there will be 12,450 new households between 1980 and 1990. The limits to affordability must be recognized by those seeking shelter and those supplying shelter.

In this connection, the affordability of housing has been calculated, taking into account typical mortgage lending practices. It establishes house prices that could be afforded with a certain household income. A household income can consist of the combined income of a number of working members of the household (spouse, children or other adults that form part of the household) or it can consist of just one income, if only the head of the family or household is working.

It was assumed that the down payment available would be 10 percent of the value of land, structure and closing costs and that a mortgage would be available with an amortization period of 25 years. Different interest rates were assumed. As Exhibit 8.3 shows, the lower the interest rate, the

Generally speaking, a household with an income of $12,000 can afford a house worth $37,500 if the interest rate is 10 percent and a house worth $30,000 if the interest rate is 13 percent. The latter rate is approximately the current commercial rate of interest and $12,000 is approximately the median income. Thus if all New Providence households were in the market, only half could afford to purchase a house worth $30,000 or more.

On the basis of the above illustration a household can afford a house worth three times its annual income (at 10 percent interest) and a house worth 2.5 times annual income (at 13 percent interest).

An income of $8,000 could "buy" $13,500 worth of house renovations (at an interest of 13 percent and a repayment period of 10 years); or $15,500 worth of house renovations at 10 percent interest. For those that own a house without a mortgage this is an option.

Current land and construction costs in the Bahamas are such that a new 3-bedroom modestly-sized single family house is difficult to obtain for $30,000. Although a construction cost index is not available, indications are that construction costs have, over the last number of years, increased at a greater rate than the Consumer Price Index.

In 1980 a Government-initiated house in Yellow Elder Gardens and Grants Town was constructed for about $20 per square foot.

is being paid. As the preceding pages have shown, there are many households that do not have a shelter cost, just as there are many household that pay in excess of 25 percent of income. While everyone is now housed, in one fashion or another, the analysis really is of importance to those who are now, or will be, in the housing market, that is, interested in securing owned or rented accommodation. As Chapter 2 has shown, there will be 12,450 new households between 1980 and 1990. The limits to affordability must be recognized by those seeking shelter and those supplying shelter.

In this connection, the affordability of housing has been calculated, taking into account typical mortgage lending practises. It establishes house prices that could be afforded with a certain household income. A household income can consist of the combined income of a number of working members of the household (spouse, children or other adults that form part of the household) or it can consist of just one income, if only the head of the family or household is working.

It was assumed that the down payment available would be 10 percent of the value of land, structure and closing costs and that a mortgage would be available with an amortization period of 25 years. Different interest rates were assumed. As Exhibit 8.3 shows, the lower the interest rate, the [illegible] of the house that can be afforded

whereas in 1983 the same house was constructed for $26 per square foot. Typically, private housing in 1980 cost about $28 per square foot while in 1983 it cost about $36. Forty percent of the cost of a house is estimated to be the labour component.

The average family would now be able to afford a somewhat less expensive or less roomy house than it once could have afforded. Looking to the future, it would seem unlikely that construction costs would increase at a much lower rate than inflation and accordingly the means to affordable housing should come through more economical designs.

Table 8.1 Household Incomes of Owners - 1980 (percent)

	$0 - $10,000	$10,000 - $20,000	Over $20,000
New Providence	42	33	26
Grand Bahama	35	35	30
Family Islands	83	13	4
Bahamas (approx. 26,200 owners)	53	29	29

Table 8.2 Household Incomes of Renters - 1980 (percent)

	$0 - $10,000	$10,000 - $20,000	Over $20,000
New Providence	65	24	9
Grand Bahama	46	36	17
Family Islands	69	25	6
Bahamas (approx. 23,950 renters)	61	28	11

Table 8.3 Shelter Cost for Owners -- 1980 (percent)

	Nil	$1 - $200	$201 - $400	Over $400	Average Cost
New Providence	66	10	11	7	$284
Grand Bahama	63	6	23	9	317
Family Islands	Not meaningful				
Bahamas	74	7	12	5	$293

Table 8.4 Shelter Cost for Renters -- 1980 (percent)

	Nil	$1 - $200	$201 - $400	Over $400	Average Cost
New Providence	9	75	11	4	$139
Grand Bahama	9	51	35	5	196
Family Islands	54	40	7	0	94
Bahamas	13	67	17	4	$153

Table 8.5 New Providence - Household Incomes by Constituency* 1983

	1983 Median Income	1983 Average Income
Bain Town	5,601	8,004
Grants Town	5,800	8,156
Anns Town	7,050	10,328
Fort Fincastle	7,050	10,874
St Agnes	7,100	10,825
Englerston	7,400	9,718
St. Barnabas	7,850	10,511
St. Michael's	7,950	11,640
Centreville	9,251	12,689
South Beach	11,939	13,781
Fort Charlotte	12,001	15,211
Salem	12,213	15,369
Pinedale	13,813	17,518
Carmichael	14,188	18,045
Fox Hill	15,901	19,691
Yellow Elder	16,001	18,688
Bamboo Town	16,400	19,241
Shirlea	16,401	19,144
Montagu	23,700	28,529
Delaporte	24,900	29,831
New Providence	11,464	15,843

*1980 constituencies arranged according to median income

Notes: Median income is at the point with an equal number of households above and below. Average income is the total income of all households divided by the number of households.

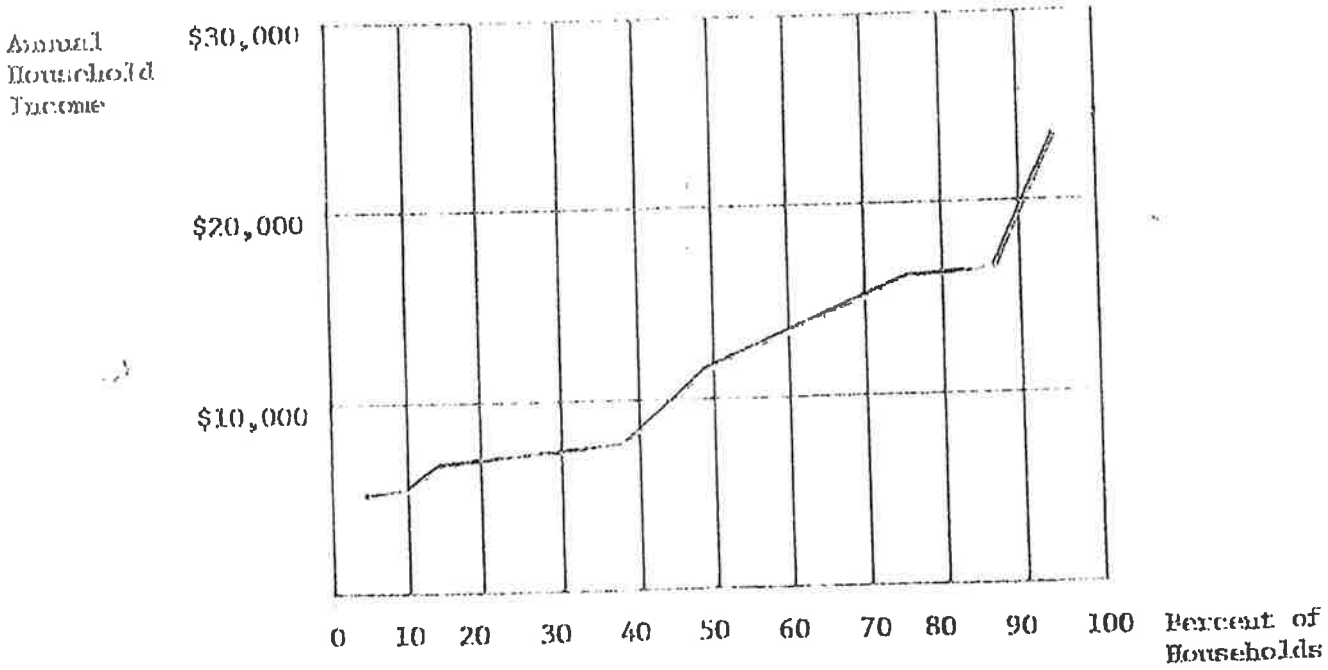
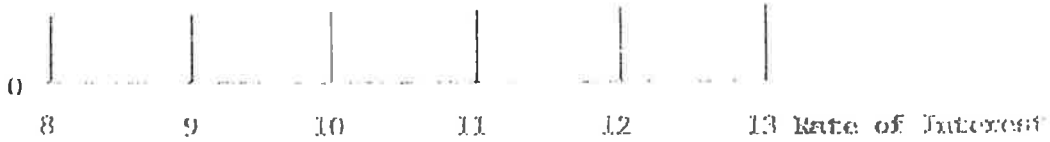


EXHIBIT 8.1 CUMULATIVE DISTRIBUTION OF INCOME -- NEW PROVIDENCE 1983



Note: Illustration based on mortgages of 90 percent of total value, amortized over 25 years, with 30 percent of income applied to repayment of principal and interest.

EXHIBIT 8.3 AFFORDABILITY OF HOUSING

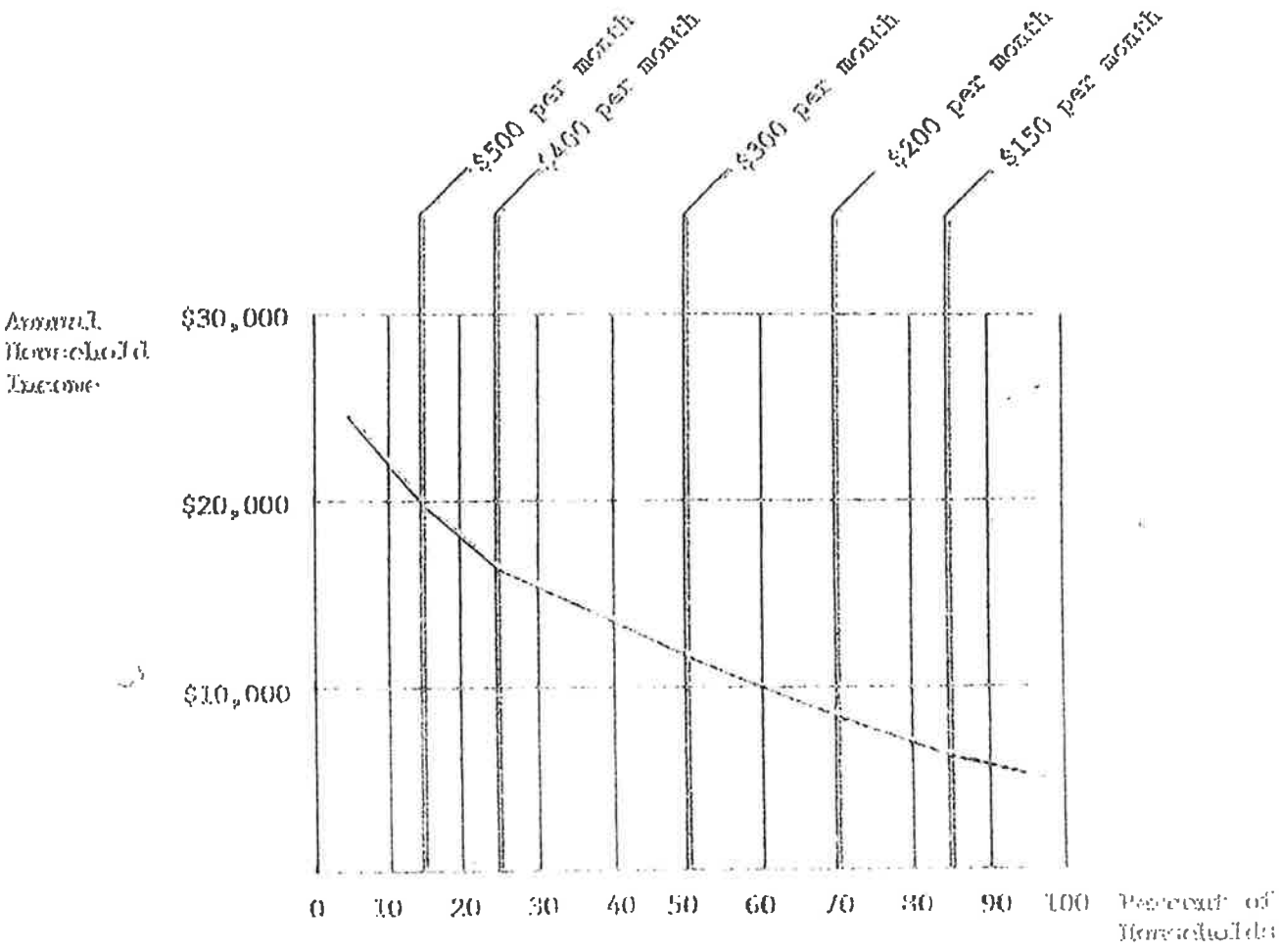


EXHIBIT V-2 AFFORDABILITY OF HOUSING -- NEW PROVIDENCE NEIGHBORHOODS 1987

as saving and loan institutions, competing with banks and each other for Bahamian savings deposits.

In late 1983, the Government's newly created Bahamas Mortgage Corporation joined the small group of residential mortgage companies. It will draw a significant proportion of its funds from the National Insurance Board which until 1983 had not been involved in housing sector investments to any significant extent. The Board's total assets at the end of 1983 were in excess of $180 million.

Life insurance companies are also a source of residential mortgage financing, although on a much smaller scale than mortgage companies. There are 17 life and health insurance companies, mostly branches of foreign firms, that operate in the Bahamas. Eleven of these had mortgage investments at the end of 1983, totalling $58 million. It is estimated that some 60 percent of this mortgage portfolio relates to the residential sector ($35 million). In 1982 the life insurance companies expended 35 percent of annual gross premium income on additional mortgage commitments, for both residential and non-residential construction (table 9.2). Commercial banks have some $34 million construction credit outstanding; this includes construction loans for subdivision infrastructure and multi-unit residential structures, although most is for non-residential construction. The commercial banks also have $33 million short term consumer

installment credit outstanding for home improvements and real estate. At the same time commercial banks have domestic savings and fixed deposits in excess of $400 million. The banks' involvement in housing can be considered limited.

On the basis of the foregoing, it has been estimated that the total amount of institutional long and short term credit in support of the residential sector is on the order of $210 million at the end of 1983. Private or informal financing is also considered to be of some importance as there are many families that are not accustomed to dealing with financial institutions or who fail to qualify for loans for one reason or another. These households may be assisted by money lenders, suppliers, family, friends and sometimes the companies they work for. While it is difficult to estimate loans thus made, they might represent some 20 percent of formal borrowings, or $40 million.

In total, then, the amount of outstanding residential credit of all types may be in the order of $250 million. This pool of credit is partially turned over every year, as some loans are repaid and new loans are made with the moneys thus available. At the same time, the pool of credit increases each year because the mortgage financing required for new residential construction is greater than the amount available through turnover. In 1983 the amount of institutional mortgage financing for new housing of all types amounted to $26 million, with $20 million contributed by

mortgage companies and $6 million by life insurance companies.

As was indicated in Chapter 8, the proportion of home owners that do have mortgages is only about 26 percent, but in the years ahead this proportion is expected to increase as more housing will be constructed and most new housing will require mortgage financing of one form or another.

Considering the national perspective, the Department of Statistics has calculated that residential investment accounts for some 3 or 4 percent of Gross National Product. The annual output of the Bahamian economy is over $1.3 billion dollars. Gross capital formation, that is, the value of additional capital assets, has increased from some $300 million in 1980 to almost $400 million in 1982. Residential construction, which is a component of capital formation, has ranged from $31 million to an estimated $55 million in 1982. From 1984 on, residential construction as a percent of Gross National Product will have to increase to levels representing 5.5 percent of GNP if requirements are to be met. Greater levels of national savings will be required and a greater proportion will have to be dedicated to housing.

The Government has already taken steps in this direction by allowing the National Insurance Board to invest funds in the Bahamas Mortgage Corporation, funds that previously went to

existence since the early sixties. Mortgage insurance was provided to Approved Lenders who made mortgage financing available at rates of interest not exceeding those set out in the Regulations under the Housing Act of 1967. Until the change in the Act last year, the maximum rate was 10 percent.

The mortgage insurance programme has in the past aided the acquisition of 2,685 dwelling units in that these houses became more affordable through lower than market interest rates and the low down payments which were also a condition of insurance. Of the total, 1,718 dwellings were privately initiated, that is, constructed by owners on their own account and on building lots provided by them.

The remaining 967 dwellings were constructed on behalf of the Government in the Government-developed subdivisions of Big Pond and Yellow Elder Gardens in New Providence. These dwellings were allocated to families on a waiting list administered by the Department of Housing (tables 9.6 and 9.7).

Over the last 22 years, an average of 113 families per year benefitted from the mortgage insurance programme. With the advent of the Bahamas Mortgage Corporation, it is expected that the role of some lenders will be reduced insofar as the mortgage programme is concerned since loans at lower than market rates are now anticipated to be mostly handled by the

Bahamas Mortgage Corporation. In turn, rather than dealing with individual cases, some private lenders, i.e commercial banks and insurance companies, may, from time to time, be lending lump sums to the Bahamas Mortgage Corporation at rates that will allow for on-lending to low and modest-income families.

It is also anticipated that the operation of the mortgage insurance fund will eventually be taken over the Bahamas Mortgage Corporation and that the Mortgage Corporation would commence to insure its loans on a cost-recovery basis which should reduce the fee from the present level of 2 percent.

Financing for housing, whether it is for new construction, existing houses, rehabilitation, renovation or addition, should become available to more Bahamians. At present, there are sectors that are virtually excluded from access to financing by virtue of geographic location (e.g. Family Islands, Grants Town), occupation (e.g. self-employed or seasonally employed), family status (e.g. single parent), type of structure (e.g. wood) or other factors. In many cases individuals wish to proceed with housing proposals beyond their financial means. In such cases the financial institution can play a valuable role in guiding and assisting individuals to achieve housing objectives that are based on what is realistically achievable in financial terms, allowing the

attainment of at least some goals rather than none at all. A gradual approach to housing improvements can be reflected in financial arrangements that are responsive to individual needs.

Table 9.1 Mortgage Balances Outstanding
millions of dollars

	Other Local Financial Institutions*	Balances of Two Largest Companies**
1979	82.6	69.5
1980	99.4	82.9
1981	111.2	92.3
1982	129.3	104.4
1983 (Sept.)	144.3	117.4

*from Central Bank of the Bahamas; includes local financial institutions exclusive of commercial banks.

**Company financial statements

Table 9.2 Gross Premium Income and Mortgages of Life Insurance Companies 1978-1982 millions of dollars

	Gross Premium Income	Mortgages Outstanding	Increase in Mortgages
1978	19	26	
1979	24	29	3
1980	29	37	8
1981	34	45	8
1982	37	58	13

Sources: Registrar of Insurance Companies

Table 9.3 Residential Investment: 1980-82
millions of dollars

		1980	1981	1982
1	Gross National Product:	1,052	1,101	1,334
2	Gross Capital Formation	302	307	382
3	Item 2 as % of Item 1	28.7	27.9	28.6
4	Residential Construction	31	43	55 (est.)
5	Item 4 as % of Item 2	10.1	13.9	14.4
6	Item 4 as % of Item 1	2.9	3.9	4.1

Table 9.4 Illustration of 1984 Cost of Government-initiated House with Financing by Bahamas Mortgage Corporation

Construction cost of 3-bedroom house of 738 sq. ft.* @ $28 per sq. ft.		$20,664
Cost of serviced lot excl. of connections		6,000
Cost of land and structure		$26,664
Other costs:		
- Life insurance prepaid - $3.48 per thousand of loan	$94	
- Hazard insurance prepaid - $1.90 per thousand of structure	40	
- Legal fees - 1½% of loan amount	401	
- Stamp tax - ½% of loan amount	134	
- Recording fee	24	
- Interest on loan advances	260	
- Total other costs**		953
- Total Cost of House		$27,617
Down payment - 5% of $27,617		1,381
		$26,236
Mortgage insurance - 2% of $26,236		525
Amount to be amortized (loan amount)		$26,761
Monthly payment on principal and interest when amortized over 25 years***		
- at 8.5% interest		$224
- at 10% interest		251
Annual household income required assuming shelter cost of 30%		
- at 8.5% interest		$8,960
- at 10% interest		10,040
Total out-of-pocket (downpayment and utility connections)		$2,261

*Yellow Elder style house, conventionally constructed

**Example assumes that utility connections are paid directly by the purchaser (water $480, sewer $180, electricity $220, total $880)

***includes ongoing hazard insurance and life insurance

Note: Other costs, mortgage insurance and utility connections amount to $2,786 or 10.4% of cost

Table 9.5 Illustration of 1984 Cost of Modest House with Financing by Commercial Mortgage Company

Construction cost of 3-bedroom house of 738 sq. ft. @ $28 per sq. ft.		$20,664
Cost of serviced lot excl. connections		6,000
Cost of land and structure		$26,664
Down payment -- 15%		4,000
Amount of mortgage loan		$22,664
Monthly payment on principal and interest, amortized over 20 years at 12.75 percent		256
Annual household income required assuming shelter cost of 25%		$12,288
Other costs to be paid at closing:		
- Administration fee -- 1% of $22,664	$226	
- Legal fee -- 2½% of $22,664	567	
- Stamp tax -- ½% of $22,664	113	
- Appraisal fee	150	
- Hazard insurance -- ½% of $20,664	103	
- Utility connections	880	
- Interest on loan advances -- 2½% of $20,664	465	
- Total other costs	$2,504	
Total out-of-pocket (down payment and other costs)		$6,504

Table 9.6 Bahamas -- Housing Units Completed Under Government Mortgage Insurance Programme 1962 -- 1983

	Government initiated	Privately initiated	Total Insured Units completed
New Providence	967	1,511	2,478
Grand Bahama	--	200	200
Family Islands	--	7	7
Bahamas	967	1,718	2,685

Table 9.7 New Providence -- Housing Units Completed Under Government Mortgage Insurance Programme 1962-1983

	Government initiated	Privately initiated	Total Insured Units Completed
1962	0	17	17
1963	0	106	106
1964	5	155	160
1965	5	313	318
1966	15	145	160
1967	87	209	296
1968	83	124	207
1969	81	159	240
1970	44	77	121
1971	54	25	79
1972	24	15	39
1973	5	10	15
1974	42	11	53
1975	47	29	76
1976	78	51	129
1977	62	43	105
1978	42	34	76
1979	11	46	57
1980	31	38	69
1981	39	43	82
1982	24*	47	71
1983	188**	14	202
Total	967	1,511	2,478
Ave. per year	44	69	113
Percent	39	61	100

* includes 10 in Grants Town
**includes 15 in Grants Town

10

GOVERNMENT ROLE IN HOUSING

The direct involvement of the Government of the Bahamas in housing goes back some 24 years while indirectly, through the Ministry of Works and Utilities, the Government has been involved in building matters for a longer period.

Under the Housing Act (1960) the Bahamas Housing Corporation was formed in 1961 for the principal purpose of administering a mortgage insurance programme. Default insurance was provided to lenders who granted mortgages at regulated rates of interest and with low down payments. The Corporation also commenced to assemble land for the purpose of developing low-income housing estates.

In 1964 the country's first step to Independence was taken with the introduction of internal self-government, and this resulted in the formation of a Ministry for Housing. In 1967 the Department of Housing was formed and included in the portfolio of the Ministry of Internal Affairs. From its inception, the Housing Department's subdivision activity included Big Pond and Yellow Elder Gardens in New Providence. The former has taken 15 years to complete and the latter 19 years, with this year expected to see the completion of houses on the few remaining vacant lots in this Government-developed subdivision (table 10.1).

The country's second Housing Act (1967) came into effect in

January 1968. Principally, the Act sets out the administration of the mortgage insurance programme. This programme, also discussed in Chapter 9, has materially assisted in the provision of 2,685 housing units. The main function of the mortgage insurance programme has been to promote more affordable home ownership.

In 1969 the Department of Housing was included in the portfolio of the Ministry of Development and in 1972 was moved again, this time to the Ministry of Health where it remained until mid-1982.

The Housing Act and Regulations were amended in 1970, 1972 and 1975, primarily to raise maximum lending values and ceiling interest rates, to keep abreast of housing cost factors prevailing at the time.

In 1975 the Government passed the Rent Control Act. This Act is administered by the Ministry of Finance. The full effect of the Act on the housing market has not yet been determined.

Looking back over the seventies, the record of Government-sponsored housing production has not been impressive; neither was the record of the private sector as discussed in Chapter 4. During the seventies the housing waiting list for Government-developed low-income housing continued to grow at a significantly faster rate than production (table 10.2). An applicant's interest in applying for a Government-initiated

house stems from the fact that the favourable financing arrangements together with the modest design and reasonable construction cost combine to allow many moderate income families to qualify, families that would otherwise be shut out from ownership of a new house. The application process involves these steps:

- an initial application form is filled out;
- employment and income references are checked;
- a formal application is made;
- the application is approved by the Housing Commission;
- available houses are allocated among approved applicants.

The Housing Commission is a lay body established under the Housing Act, responsible for approving applications for Government-developed dwellings and for approving mortgage insurance on privately constructed dwellings.

In 1980 the Government, through the Ministry of Finance, commissioned a study of the Grants Town Area. This one mile square area near Nassau's downtown had been in physical decline for decades, as better-off households gradually moved to suburban locations. Improvements to the urban environment were badly needed and were formulated in 1980.

In January 1981 the 'Grants Town Project' as it is generally known began operations as a separate unit under the Ministry

of Finance. The thrust of the project is the rehabilitation of individual houses and the building of new houses on vacant lots in the project area. Rehabilitation of houses in many instances includes the provision of indoor sanitary facilities and the phasing out of pit latrines. The rehabilitation process generally involves the following steps:

- an application is made
- needed improvements are assessed by technical project staff, plans are drawn and building permit obtained
- a loan is approved upon review of income and debt data
- an independent contractor submits a construction bid
- the applicant agrees to costs
- the contractor is retained and supervised by project staff on behalf of applicant
- upon completion applicant commences to make monthly payments on low interest loan.

The project thus makes available technical expertise and financing to a needy sector of the population that previously had access to neither. In the three years the project has been in operation, 440 rehabilitations have been completed. Combined with 30 units under construction at the end of 1983, the total value of rehabilitation work has been over $3 million or $6,457 on average per rehabilitation (table 10.3).

While originally intended for the Grants Town area only, the demand for the same service from other needy areas in Nassau was such that the Government extended the project's scope: of the 440 completions, 180 have been outside Grants Town. The demand continues, with 870 applications still be to dealt with. Clearly, the rehabilitation programme is successfully responding to a housing need; as such it is being continued and will be expanded throughout the Bahamas.

Under the Grants Town Project, public housing rental units for families and senior citizens have also been constructed in the Bahamas for the first time. Thirty units were completed by the end of 1983 and 46 were under construction. Furthermore, 25 ownership houses were completed in Grants Town, with 19 under construction at the end of 1983. In total, 120 new housing units are being provided to-date.

In addition to rehabilitation and new construction, the Grants Town Project Office has been co-ordinating other urban improvements, which are being executed by other Government Ministries. These include solid waste collection, street lights, storm water and fire wells, sidewalks, park improvements and other activities. The Grants Town Project is funded by loans from the World Bank and commercial banks in the Bahamas, and from the Government's revenue account.

In 1982, following a general election, the Ministry of Housing and National Insurance* was created. The housing function, formerly under the Ministry of Health was given new recognition in its own Ministry. At this time the Grants Town Project was also placed under this Ministry, and a housing office was opened in Freeport for the first time.

In October of 1983 the Housing Act was amended. The powers of the Minister were broadened to allow a wider range of land development and residential activities to be undertaken. The mortgage insurance provisions were also updated, with among other features, the maximum interest rate now tied to the country's prime lending rate, the ceiling for lending value was raised to $60,000 for structures, the amortization period lengthened, and the debt service ratio increased. New Regulations pertaining to the Housing Act became effective in December 1983.

An Act to establish the Bahamas Mortgage Corporation was also passed in 1983 with the Corporation commencing operations on November 1st, 1983. In addition to providing mortgage financing for low-income families, the Corporation administers the rehabilitation loans made under the Grants Town Project.

*The Ministry is also responsible for Social Services; among other functions this Department administers the Emergency Home Repair Programme.

In January 1984 the Ministry of Housing and National Insurance was re-organized. The Ministry's Housing Division was established to combine the functions that were before performed by the Department of Housing and the Grants Town Project. At the same time the Ministry and the Housing Division were centralized in one building on Thompson Boulevard in Nassau, whereas previously three locations existed. The Bahamas Mortgage Corporation also operates out of the same location.

A chart of the present organizational and function responsibilities is included as Exhibit 10.1 Not shown is the Ministry's Social Services Department which identifies clients for the emergency house repair programme and tenants for the public housing rental units for families and senior citizens. In the Family Islands, Social Services Advisory Committees have been established that will assist, in concert with the Island Commissioners, in the identification of households in need of housing assistance. All the programmes of the Ministry and the Bahamas Mortgage Corporation will be available throughout the Bahamas. To emphasize this, the Ministry in early 1984 commenced a series of orientation visits to Family Islands to acquaint residents with Government programmes.

It is believed that with the progress and improvements made over the last three years, the institutional infrastructure is in place to address the housing needs of Bahamians.

Table 10.1 New Providence -- Government Subdivision Activity -- 1964 -- 1983

Period	Subdivision	Number of Lots	Status
1964 -- 1978	Big Pond	183	Completed
1965 -- 1980	Yellow Elder Gardens Phase I	408	Completed
1969 -- 1983	Yellow Elder Gardens Phase II	477	Nearly Completed
	Total number of lots:	1,068	

Notes: Big Pond construction activity started in 1964 when five houses were completed.
Yellow Elder I was substantially completed in 1970 but subsequently Haig Square (originally designed as a park) provided land for 25 houses which were completed in 1980.
Yellow Elder II - construction activity started in 1969 with 12 round houses and 2 trans-steel houses, followed by 100 conventional houses in 1970. The balance of the houses in this subdivision have been constructed since 1980; at the end of 1983, 47 dwelling units were under construction and 19 lots were still vacant.

Table 10.2 .. New Providence - Department of Housing Activities 1975 - 1983

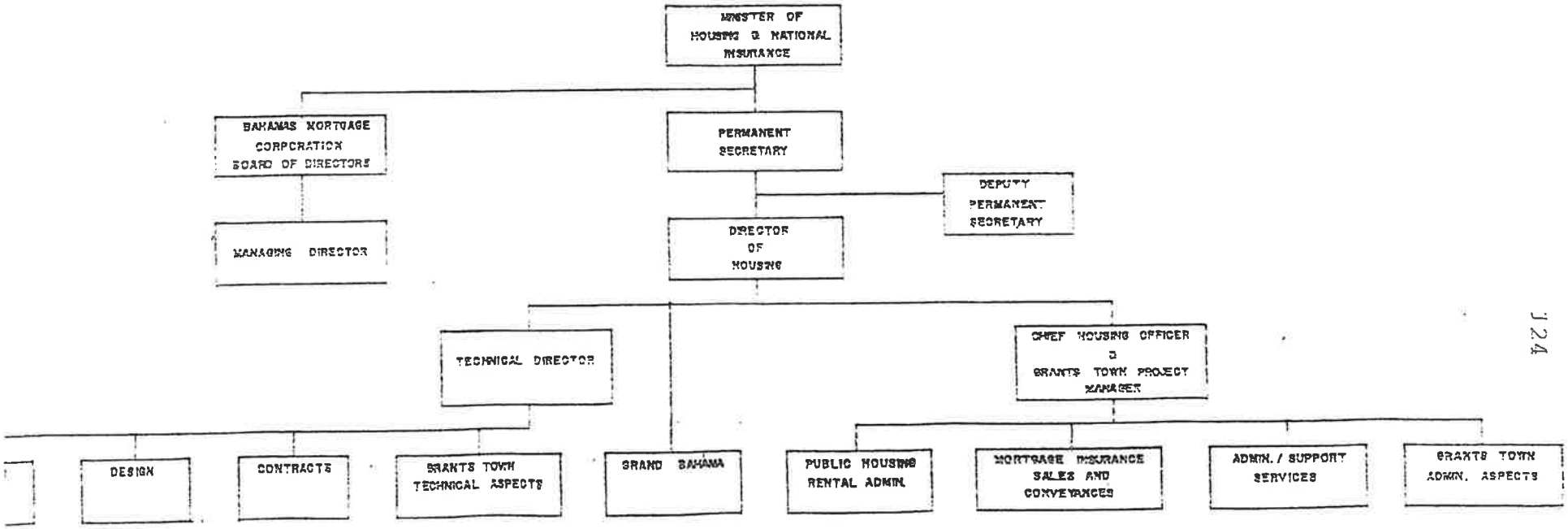
Items	1975	1976	1977	1978	1979	1980	1981	1982	1983
Initial Inquiries	974	816	457	696	492	525	1054	882	804
No. of Formal Applications	184	418	568	187	99	43	189	254	40
No. of Applications approved by Housing Commission	138	143	244	144	122	72	321	143	52
No. of Applications transmitted to Approved Lenders	122	143	102	106	132	51	114	142	191
No of Houses Insured and Completed - private	29	51	43	34	46	38	43	47	14
- government	47	78	62	42	11	31	39	24	188
- total	76	129	105	76	57	69	82	71	202
No. or Undertaking-to-insure Issued	127	150	79	94	116	50	96	140	76
No. of Insurance Policies Issued	99	99	123	72	79	71	62	81	64
Value of Insurance Policies Issued - million $	$1.5	$1.8	$2.0	$1.3	$1.5	$1.3	$1.3	$1.6	$1.7
Average Value of Policy	$15,007	$17,682	$15,931	$17,910	$18,718	$18,652	$20,726	$19,483	$26,732

Table 10.3 Grants Town Project. Housing Activities: 1981 to 1983

	1981	1982	1983
Number of Houses Rehabilitated	48	190	202*
Number of Outstanding Applications -- Dec. 31, 1983			870**
Total Value of Rehabilitations to December 31, 1983			$3,034,988***
Average Value per Rehabilitation			$6,457***
Average Monthly Payment by Clients			$86.88
Percent of Accounts in Arrears (90 days and over)			16.4%****
Number of Public Housing Family Rental Units:			
-- Completed	6	18	--
-- Under construction Dec, 31, 1983			22
Number of Senior Citizens Rental Units			
-- Completed	--	--	6
-- Under construction Dec. 31, 1983	--	--	24
Number of New Ownership Houses:			
-- Completed	--	10	15
-- Under construction Dec. 31, 1983	--	--	19
Number of Lots Acquired to December 31, 1983			204

*of which 116 in Grants Town and 86 outside Grants Town during 1983; and 260 in Grants Town and 180 outside Grants Town since the programme began
**total applications less completions and withdrawals
***includes completions plus units under construction (470 units in total)
****some clients in arrears are paying regularly but stay behind.

EXHIBIT 10.1 HOUSING ORGANIZATION CHART



HOUSING REQUIREMENTS

The number of housing or dwelling units that should be provided in the Bahamas to 1990 is estimated in this chapter. The requirements are expressed in terms of what reasonably should happen to achieve some improvement in the national housing stock and living conditions; by no means would they meet all needs. The estimates are based on what can realistically be achieved if there is a will to do so and if the constraints to housing production are minimized in a significant way.

Household Formation

Household formation, replacement and undoubling make up the demand for housing (table 11.1). As indicated in Chapter 2, 1980 to 1990 household formation is estimated at 12,450 new households, of which 10,000 are in New Providence. Not all new households will require a new dwelling at the outset, although they will require accommodation. Insofar as such persons will use existing accommodation, those occupying the existing living space will require other accommodation. The effective result is that additional dwelling units are required. If sufficient additional units are not provided, greater demands are placed on the existing occupied housing stock, resulting in overcrowding, scarcity and higher prices

and rents. The provision of dwelling units equal to the number of new households is a fundamental requirement.

Replacement

As indicated in Chapter 3, 44 percent of the present housing stock was constructed prior to 1961 -- some 20,000 units. This number includes thousands of small wooden structures with an economic life span of not much more than 25 years. It is estimated that 25 percent of the total existing occupied housing stock is in average condition and 15 percent is in poor condition -- in total some 19,260 units. It is expected that during the 1980 to 1990 period some of the housing units that are in average condition will deteriorate to poor condition while some of the units in poor condition will require replacement. The replacement demand also includes units required to replace dwellings, in whatever condition, that are demolished or converted to make way for non-residential uses.

For the purpose of estimating overall requirements, replacement of aged dwellings has been calculated at the rate of 2.0 percent per year in respect to the housing stock constructed prior to 1961. On this basis, 1980 to 1990 replacement equalling 20 percent of the pre-1961 stock, or 4,040 units will be required. This suggested replacement demand is equal to 56 percent of the housing stock estimated

to be in poor condition and equal to 8.4 percent of the total 1980 occupied housing stock - a replacement rate of 0.84 percent per year. It is noted that in established North American communities one percent annual replacement of the total housing stock is considered reasonable.

Undoubling

The third housing requirement has its origin in 'undoubling'. This is the process whereby, out of a household containing two families, one family moves out to establish its own household. While many households with more than one family live together by choice, there are also families doubled up in a household due to economic circumstances or the lack of adequate accommodation. In over 5,000 Bahamian households, two or more families are living together. If adequate and affordable housing is made available, a reduction in the extent of doubling up would result. It is considered that during the 1980 to 1990 period, a 20 percent reduction could be achieved in the level of doubled up households. This would require an additional 1,000 housing units. While this undoubling demand is largely a function of the cost of housing, it is also to an extent a function of the supply of housing: with more housing available, undoubling will take place.

Total Requirements

The total requirements for the 1980-1990 period will be

17,500 housing units, made up as follows: household formation 71 percent, replacement 23 percent and undoubling 6 percent. It is interesting to note that in New Providence and Grand Bahama replacement plus undoubling accounts for a relatively small proportion of total demand, 25 and 16 percent respectively. In the Family Islands, however, these sources account for 74 percent of total demand, with household formation accounting for the remainder. While the overall population of the Family Islands is not expected to increase, there will be a need to replace many structures that have outlived their useful life.

Three additional comments are made to complete the total housing requirement analysis:

(1) The estimated requirements are those of the resident population; the demand for housing by seasonal residents is not included.

(2) Conversions (making two dwelling units out of a structure that previously contained one unit) and deconversions (the reverse) are assumed to cancel out.

(3) A vacancy allowance (the provision of vacant units so that the housing market can function properly) is not included due to the absence of reliable information on existing useable vacant housing units.

Housing Types

The 17,500 housing units that will be required will continue to include a large majority of single family dwellings which presently account for 73 percent of all dwelling units. Housing economics will dictate that more consideration would need to be given to multiple housing (duplexes, fourplexes, row housing and apartments). These housing types are well suited to smaller or childless households of which there will be more. It is estimated that 33 percent of the national housing requirements may be multiple forms of housing. This estimate is conditional upon planning regulations actively encouraging these forms of housing, and market acceptance. Given the large inventory of vacant lots in New Providence it would seem that an opportunity also exists to replan certain areas with somewhat higher densities without affecting neighbourhood characteristics (table 11.2).

Cost of Housing

The price at which housing should be made available can be related to affordability, as analysed in Chapter 8. Price is the singlemost important determinant of effective demand. If new houses are placed on the market at prices that cannot be afforded, they will not be absorbed. To meet the indicated requirements, housing will have to be offered at

a range of prices that include (1983) prices below $25,000 per unit. To achieve this objective it will be necessary to consider, and plan for:

(1) smaller houses, such as 2-bedroom, and 1-bedroom starter houses;

(2) smaller lot sizes;

(3) lower infrastructure standards;

(4) multiple forms of housing;

(5) houses that are finished to a lesser standard;

(6) houses that are not 100 percent completed, leaving the purchaser some items to finish.

A low-cost house is non-existent in the Bahamas; what does exist, however, are houses constructed to norms and standards which may be afforded by low-income families. The challenge of providing affordable housing has been accepted by builders in Europe and North America in response to customer inability to afford otherwise and customer realization that indeed they cannot afford otherwise. This evolution must now take place in the Bahamas.

Accordingly, to meet income criteria, 50 percent of all the housing required should be planned at prices below $35,000 and only 20 percent should be planned for prices above $50,000, using 1983 prices as a base (tables 11.3 and 11.4).

Of the total requirement of 17,500 units, some 9,000 units should become available, throughout the Bahamas, at a (1983)

price of less than $35,000. This will require ingenuity on the part of builders and architects, flexibility on the part of Government engineers and planners, understanding on the part of lenders and acceptance on the part of potential home owners who may have to do with "less housing" than they had hoped for.

Housing Production Since 1980

For practical reasons, the analysis has considered the census period 1980 to 1990. However, we are now in 1984. There is therefore an opportunity to examine how well housing requirements have been met to-date. Estimates of completions since mid-1980 (at the time of the census) show that 3,336 housing units have been completed, or 953 units for each whole year of the 3½-year period mid-1980 to 1983. As the requirements are for 1,750 units per year, the country's performance so far has been at a level of 54 percent of what is needed (table 11.5). This is not encouraging - especially since the performance is weakest in New Providence. If it is assumed that the shortfall of the early years of the eighties were to be made up over the 6½-year balance of the decade, (1984 to mid-1990) the annual requirement from now on would increase to 2,178 units, with 1,687 of these in New Providence (table 11.6).

As a range, then, the annual 1980-1990 requirements of 1,750

would serve at one end, and the catch-up rate of 2,178 units at the other. The mid-point of this range has been taken to constitute the achievable target production for the year 1984 and subsequent years of the decade. The mid-point requirements are:

New Providence	-	1,515 units per year
Grand Bahama	-	262 units per year
Family Islands	-	188 units per year
Bahamas	-	1,965 units per year

Rehabilitation

The above has dealt with new housing requirements. The necessity to carry out major house repairs or rehabilitation is also much in evidence, given the condition of the housing stock. For many houses rehabilitation would include the first-time installation of piped water in the house or the installation of a water-closet. As was indicated in Chapter 8, many households have income and expenditure characteristics that allow them to consider taking on the financial commitment to rehabilitate their present dwelling. For many this will be the only affordable way an improvement in housing conditions can be achieved.

It has been assumed that over the 1980-1990 period, none of the houses in good condition will require rehabilitation, but that 15 percent of the average houses will require it,

as well as 44 percent of the poor condition houses. The equivalent of the balance of poor condition houses has been accounted for in the replacement estimates. The rehabilitation estimate does not imply that at the end of 10 years the need for rehabilitation of poor condition dwellings will have disappeared, as many houses not now in poor condition will qualify as such then. Rehabilitation is a continuous process to which there is no end. It is also affordable for a very broad segment of the population. Rehabilitation serves to stabilize the existing housing stock and extends its useful life. Without major rehabilitation efforts the need for replacement would be greater.

The estimate of 4,994 dwellings to be rehabilitated indicates the dimension of the problem and serves as a reference point from which to plan actions and programmes. The experience gained in the Grants Town Project with 440 housing rehabilitations completed has indicated that rehabilitation is indeed cost-effective and must be a necessary part of individual and community strategy to obtain longer lasting benefits from the existing housing stock. For the price of one new house, as many as four houses can be completely rehabilitated (table II.8).

Housing Finance Requirements

The new housing required for the balance of the eighties --

using the mid-point requirement of 1,965 units per year -- will cost, considering the house price range at 1983 prices, $76 million per year. With $4.5 million for rehabilitation of 500 units annually, the yearly total housing cost is $80.5 million. For the period 1984 to 1990 an investment in new housing of $564 million is needed (in 1983 dollars) (table 11.9).

It is estimated that 15 percent of total new construction financing would be equity participation through individual savings, and contributed labour (sweat equity); a further 20 percent would be contributed through informal financing (e.g. private and family loans). The remaining annual formal new construction credit requirement would be $52 million, for long term mortgages and some shorter term rehabilitation loans.

Financing of this magnitude must be made available through Bahamian financial institutions if the housing requirements are to be met. Considering the potential resources discussed in Chapter 9, it should be feasible to draw on the financial sector to the extent indicated if investment priorities are re-arranged to reflect the country's housing requirements.

In 1983 new residential construction financing amounted to $26 million, or half the level indicated for the year 1984

and onwards. By type of financial institution a suggested annual contribution of new residential financing (in 1983 dollars) by source of funding could be as follows:

- National Insurance Board - $ 9 million
- Insurance Companies - $ 9 million
- Commercial Banks - $ 9 million
- Savings and Loan Companies - $25 million
- Total - $52 million

Table II.1 Housing Requirements by Origin 1980-1990

	Household Formation	Replacement	Undoubling	Total Requirements	%
New Providence	10,000	2,700	720	13,420	76
Grand Bahama	2,000	260	120	2,380	14
Family Islands	450	1,080	170	1,700	10
Bahamas:	12,450	4,040	1,010	17,500	100
Percent	71	23	6	100	

Table II.2 Housing Requirements by Type 1980-1990

	Single Family		Duplex Triplex & Fourplex		Apartment & Row		Total	
	#	%	#	%	#	%	#	%
New Providence	8,857	(66)	2,416	(18)	2,147	(16)	13,420	(100)
Grand Bahama	1,547	(65)	357	(15)	476	(20)	2,380	(100)
Family Islands	1,360	(80)	170	(10)	170	(10)	1,700	(100)
Bahamas	11,764	(67)	2,943	(17)	2,793	(16)	17,500	(100)

Table II.3 Housing Requirements by Price 1980-1990
Percent Distribution - in 1983 dollars

Housing Price Range*	Single Family	Duplex, Triplex & Fourplex	Apartment & Row	Total
$20,000 - $25,000	15	25	20	17
$25,000 - $30,000	15	25	20	17
$30,000 - $35,000	15	25	15	17
$35,000 - $40,000	15	25	15	17
$40,000 - $50,000	15	-	10	12
$50,000 - $60,000	15	-	10	12
$60,000 and over	10	-	10	8
Total	100	100	100	100

Table II.4 Housing Requirements by Price 1980-1990
Number of Units - in 1983 dollars

Housing Price Range*	Single Family	Duplex, Triplex & Fourplex	Apartment & Row	Total
$20,000 - $25,000	1,765	736	559	3,060
$25,000 - $30,000	1,765	736	559	3,060
$30,000 - $35,000	1,765	736	419	2,920
$35,000 - $40,000	1,765	735	419	2,919
$40,000 - $50,000	1,765	-	279	2,044
$50,000 - $60,000	1,765	-	279	2,044
$60,000 and over	1,174	-	279	1,453
Total	11,764	2,943	2,793	17,500

*includes cost of serviced land, structure and closing costs

Table 11.5 Estimated Housing Completions mid-1980 to 1983

	1980 (½ Year)	1981	1982	1983	Total
New Providence*	358	634	666	794	2,452
Grand Bahama**	55	114	135	215	519
Family Islands***					365
Bahamas:					3,336

*source is table 4.4 and assumes that 95 percent of completions are intended for local housing market.

**source is table 4.2 and assumes that 40 percent of starts would be completed in one year and 40 percent would be completed the next year, with balance for seasonal market.

***source is table 4.3 and assumes that 50 percent of permits issued for single and duplex units between 1980 and 1982 have been completed for Bahamian use; apartments assumed for non-Bahamian use.

Table 11.6 Housing Requirements to 1990

	Requirements mid 1980 - mid 1990	Completions mid 1980 - end 1983	Requirements 1984 to mid 1990	Average per year 1984 - mid 1990
New Providence	13,420	2,452	10,968	1,687
Grand Bahama	2,380	519	1,861	286
Family Islands	1,700	365	1,335	205
Bahamas	17,500	3,336	14,164	2,178

Table 11.7 Annual Housing Requirements Range to 1990

	Low end of Range: Requirements at average yearly mid-1980-1990 rate (see table 11.1)	High end of range: Requirements at average yearly catch-up rate -- 1984 to mid 1990 (see table 11.6)	Mid-Point of Range
New Providence	1,342	1,687	1,515
Grand Bahama	238	286	262
Family Islands	170	205	188
Bahamas	1,750	2,178	1,965

Table 11.8 Rehabilitation Requirements 1980 -- 1990

	1980 Occupied Dwelling Units	Require Rehabilitation %	#	per year
Good Condition	28,890	Nil	Nil	Nil
Average Condition	12,038	15	1,816	182
Poor Condition*	7,222	44	3,178	318
Total	48,150	9.4	4,994**	500

*equivalent of replacement of 56 percent of poor condition units with new housing is shown in table 11.1

**at estimated average 1983 cost of $9,000 will require $45 million

Table 11.9 Annual New Housing Financing Requirements Using mid-point of Range at 1983 Prices

Housing Price Range*	Number of Dwelling Units	Total Cost ($ million)
$20,000 -- $25,000	344	7.74
$25,000 -- $30,000	344	9.46
$30,000 -- $35,000	324	10.53
$35,000 -- $40,000	324	12.15
$40,000 -- $50,000	236	10.62
$50,000 -- $60,000	236	12.98
$60,000 and over**	157	12.56
Total New Housing	1,965	76.04
Rehabilitations @ $9,000	500	4.50
Total New Construction Financing		80.54

*includes cost of serviced land, structure and closing costs

**average price of $80,000 is assumed

significant quantities of housing, by geographic location, by type and by price will be demanded by Bahamians in the years ahead, as set out in the previous chapter. The projections and estimates have been based on assumptions as to how demographic and economic factors will combine to form the nature of the demand for housing. The estimates of requirements are not predictions. For instance, if inexpensive housing is not produced, the requirements will not be met.

The estimates serve to advise what should reasonably take place, given the socio-economic forces that shape demand. Steps must now be taken by the private sector and the Government to respond to indicated demand and ensure that this demand becomes effective demand. (Effective or actual demand means that those in the housing market can find the dwelling they need, at a price they can afford, resulting in the purchase of the house or the rental of a housing unit).

The housing needs or necessities in the Bahamas can be summarized as follows:

- There is a need to produce more housing.

- Housing construction has fallen behind household growth. If production is not increased significantly, housing conditions will deteriorate further.

- There is a need to produce more affordable housing. Given the incomes of Bahamians, there is urgent need to provide modest housing for lower-income families. Such housing can be produced at acceptable standards.

- There is a need to recognize the means through which ownership and rental housing for lower-income families can be produced. Such means include: different and smaller house types, higher densities and smaller lots, basic insfrastructure, reduced house amenities and finishes.

- There is a need to recognize and accept the low-income house, on the part of builders, housing industry professionals, as well as the public. Education at all levels is required to put this message across.

- There is a need to complete as soon as possible the many houses in an incompleted stage found throughout the Bahamas so as to capitalize on the investment this represents.

- [illegible] of housing

rehabilitation. Given the condition of the country's housing stock, rehabilitation of existing houses should be accorded a high priority. Individual initiative can play a major role if approval, lending and construction practises are conducive.

- There is a need to consider that water and sanitary facilities are at less than adequate levels for a large part of the population. Home improvement initiatives should accord priority to those with deficiencies in this respect. Community water systems should be extended and upgraded in deficient areas. Health regulations and enforcement practices should be reviewed.

- There is a need to recognize that housing is but one part of the physical environment. Efforts to upgrade housing must go hand in hand with efforts to upgrade the environment, starting at the individual property. Garbage, derelict cars and derelict structures should not be tolerated on private property as a matter of individual pride and Government policy. Likewise, these conditions on streets and public lands should not be tolerated as a matter of civic pride and Government policy.

Remedial action plans should be drawn up and implemented.

- There is a need to recognize housing needs in all parts of the Bahamas. While the greatest pressure is in New Providence, followed by Grand Bahama, the Family Islands must also receive the attention they deserve.

- There is a need for a substantial increase in the amount of mortgage financing available for new and existing housing, and for rehabilitation, to be provided by the financial sector of the economy. Financing for capable construction firms should also increase.

- There is a need for greater access to financing and flexibility in determining who qualifies. More Bahamians from all walks of life should be given the opportunity to prove that they are financially responsible.

- There is a need to recognize that, in accordance with the political and economic philosophy of the Bahamas, a significant part of the response to housing needs must primarily come from the private sector. At the same time it must be the responsibility of the Government to ensure that constraints to housing production and rehabilitation

- There is a need for the residential construction industry to become more productive. Firms must organize and manage themselves more efficiently and insist on quality of workmanship. Contractors should acquaint themselves with modern techniques of house production and business management and should provide opportunities for on the job training. In this, the Government should assist the industry.

- There is a need for construction workers to be productive, to take pride in the essential work they perform and to keep up with current techniques in their areas of expertise.

- There is a need for professionals in the housing field -- architects, engineers, draftsmen, surveyors, lawyers, lenders, insurers and others - to acquaint themselves with current techniques and efficient procedures so that they too can contribute to the provision of housing for low-income families.

- There is a need for suppliers and transporters of building materials to seek out the materials that best fit residential construction needs, and to make these available throughout the Bahamas in a timely manner at reasonable cost.

- There is a need for Government to address the housing needs of those least able to look after themselves. Subsidized rental housing, for families and senior citizens should become available to more Bahamians in accordance with established selection criteria.

- There is a need for Government to be involved in the satisfying of housing needs of low-income families. Innovative, acceptable and affordable solutions in the provision of land and ownership houses must be developed that can also be used by the private sector.

- There is a need for Government to allocate Government-initiated houses for sale to those most in need, in accordance with established selection criteria.

- There is a need for Government to provide leadership in coming to grips with basic housing needs, to show the way so that the private sector -- individuals and firms -- can follow.

13 GOVERNMENT RESPONSE

The extent of housing requirements and needs as documented in this report is such that concerted action is called for if requirements and needs are to be met. This action must involve many Bahamians.

The preceding pages have set out clearly the need for the private sector to play a major role in this national endeavour. Without a firm commitment and best effort on their part the task cannot be achieved.

At the same time, Bahamians should be encouraged to seek housing they can afford and not continue to expect housing beyond their financial means.

Furthermore it should be recognized that, in the final analysis and in the context of limited individual and public resources, not all housing problems will be solved, or are indeed solvable. This should not stand in the way of a commitment to make progress in those areas where this is possible.

The Government of the Bahamas has in the past made a commitment to housing and now proposes to increase this commitment, particularly to families and households with less than

average incomes.

In response to the analysis and findings of this report, the Government, through the Ministry of Housing and National Insurance, will, over the 1984 to 1990 period, on an average per year basis:

- rehabilitate 250 homes;
- construct 50 public housing rental units for families and senior citizens;
- construct on government-developed and private land, 200 homes for sale to low-income families, using both conventional and systems building techniques;
- through the Bahamas Mortgage Corporation make mortgage financing at attractive terms available to 200 home-owners for private house construction, and 50 loans for major home rehabilitation;
- sell 50 building lots in Government subdivisions to individuals wishing to construct their own home.

These programmes will include New Providence, Grand Bahama, and the Family Islands.

Some 800 families per year -- the equivalent of 32.5 percent of the estimated new housing and rehabilitation requirements -- will benefit from the programme annually. The impact of the

Government's housing programme on overall housing requirements and the task left to the private sector -- 1,465 new housing units and 200 rehabilitations per year -- are shown in Table 13.1. The production, rehabilitation and financing of housing for low-income families constitutes the thrust of the Government's programme.

In addition to its direct programme, the Government intends to stimulate private sector construction for home-ownership of single family dwellings. In 1981, the Government established incentive grants of $1,000 for new ownership housing in Grants Town. In November 1983, recognizing the need for incentives to facilitate the provision of decent shelter for all Bahamians, the Government approved grants of $1,000 for Government-initiated housing in special areas of New Providence and the Family Islands. Now the Government wishes to make this programme universal and accordingly will, through the Ministry of Housing and National Insurance:

- Make available, from July 1, 1984 to December 31, 1987, grants in the amount of $1,800 to all individuals building or purchasing new single-detached residential structures costing $35,000 or less. The cash grant would be applied to either down payment or mortgage loan at the time of issuance of the certificate of occupancy. The

estimated 2,050 houses that would qualify for the grant over the duration of the programme include Government-initiated houses.

The combined cost of all the Government programmes outlined above will be $16 million per year or $112 million for the duration of the 7-year housing programme, expressed in 1984 dollars. Of this amount, the encouragement grants for new construction will amount to $3.7 million.

Most of the expenditures on the programmes would return to the Government, in down payments, loan and mortgage payments, public housing rents, and customs duties on imported building materials.

Furthermore, the Ministry of Housing and National Insurance also intends to offer at a later date, once staffing is secured, a technical assistance service to the public: individuals planning the construction of a new house or planning to rehabilitate an existing house would then be able to discuss their preliminary ideas with Housing Division

staff and receive guidance as to technical solutions, affordability and how to proceed. Although some construction plans would be provided, the Ministry would not be providing an architecture or drafting service; however, it is hoped that a referral list can be made available with names of individuals and firms who are prepared to provide service at a reasonable cost.

On its own the Ministry of Housing and National Insurance cannot ensure that housing requirements are met. As this report has shown, other Government Ministries play a vital role in creating the conditions that allow for the timely and efficient planning and production of housing. The Ministry of Housing and National Insurance therefore suggests that the following recommendations be given serious consideration:

RECOMMENDATION 1: -- To prepare, by the end of 1985, a comprehensive physical development plan for New Providence, which will deal with land uses, zoning, environment, and infrastructure requirements such as sewerage, water, roads, sidewalks, public transportation, power and telecommunications. The Master Plan would be the guide as to how New Providence develops to the year

2000 and would establish the public investments that will be required. The Plan would also indicate what changes to planning, development and building legislation may be required. The preparation of the Plan would be guided by a high-level task force representing all Ministries involved.

RECOMMENDATION 2: -- To review, by the end of 1984, the existing planning, development and building regulations and approval procedures with a view to ensure that these are timely and responsive to the need for housing by all income groups.

RECOMMENDATION 3: -- To make specific proposals, by the end of 1984, as to how residential land title problems can be resolved expeditiously and at reasonable cost.

RECOMMENDATION 4: -- To review, by the end of 1985, the property tax system in the Bahamas and to put forth specific proposals as to an equitable and efficient system that will yield sufficient revenues to

provide proper municipal services to property owners.

COMMENDATION 5: To collect and publish additional residential construction and mortgage financing statistics that are geared to the needs of those involved in the housing sector.

ally, the Government's housing programme will require monitoring, to see whether targets are met and goals are being achieved. To this end, the Ministry of Housing and Mational Insurance will periodically prepare a report as to the progress that has been made and will make recommendations, as may be required, to amend or adjust its programmes.

The Government's response to the housing needs of Bahamians, as detailed in these pages, is considered positive, workable and achievable. It is predicated on a major commitment by all public and private entities which impact on residential construction and on the collective will to succeed in meeting housing needs of Bahamians.

Table 13.1 Impact of Government Housing Programs

Housing Price Ranges in 1983 Dollars	Annual 1984 -- 1990 Number of Dwelling Units Required	Government	Private Sector
$20,000 -- $25,000	344	200*	144
$25,000 -- $30,000	344	150**	194
$30,000 -- $35,000	324	50***	274
$35,000 -- $40,000	324	50***	274
$40,000 -- $50,000	236	50***	186
$50,000 -- $60,000	236	--	236
$60,000 and over	157	--	157
Total New Construction	1,965	500	1,465
Rehabilitation	500	300****	200
New construction plus rehabilitation	2,465	800	1,665
-- percent	100.0	32.5	67.5

*includes 50 public housing units, 100 Government-initiated houses and 50 building lots.

** includes 100 Government-initiated houses and 50 mortgages through Bahamas Mortgage Corporation for private housing.

*** includes 150 mortgages through Bahamas Mortgage Corporation for private housing.

**** includes 250 rehabilitations that include technical assistance, and