

Partnership in social housing?

Participation of private financial institutions in social housing initiatives in Suriname

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F.H.R. Lim A Po Institute for Social Studies



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DISCLAIMER AND INFORMATION

This Master's Thesis completes the Master of Public Administration Program in Governance 2008 – 2009 (MPA Intake III). The F.H.R. Lim A Po Institute for Social Studies organizes the Program in cooperation with the Institute of Social Studies (ISS) in The Hague, the Netherlands.

The information presented in this thesis describes the housing policy of the Government of Suriname over a period of almost 60 years, policy instruments, and views of various stakeholders in the social housing sector. Other views expressed are those of the private financial institutions focused on the possibilities of intensified collaboration with the Government of Suriname to deal with the housing problem of the low and middle-income households.

The recommendations in this thesis do not imply the expression of any opinion whatsoever on the part of the view of the Ministry of Social Affairs and Public Housing concerning the public housing policy of the Government of Suriname. The proposed measures reflect my views on the theme and are based on a literature review of the housing policy and interviews with stakeholders in the sector.

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I dedicate this thesis to my father, Egbert Stenli Powel, who has always encouraged his children to educate themselves. In his view, education is the key to a good and secure future. I quote him: *"When you are young, you have to cut the stick to lean on when you get old."*

FOREWORD

The housing problem of the low and middle-income groups in Suriname needs to be addressed properly if we want to prevent excesses in society. There is a quantitative housing deficit and ten thousands of house seekers do not have access to affordable and proper housing. It is a fact that the Government alone is unable to meet the housing demand of these people.

My involvement in the public housing of Suriname was the main reason for choosing the theme of this thesis, *Partnership in Social Housing?* In 1999, I was appointed Coordinator of the *Stichting Bouw en Exploitatie van Woningen in het kader van het Huisvestingsprogramma*, a State-foundation responsible for the construction and management of public houses. A year later, I was appointed as the Acting Director of the *Stichting Volkshuisvesting Suriname*, another State-foundation that also manages public houses. In these capacities, I was confronted with the housing problem as a source of distress of the low and middle-income groups. Finance of housing for these groups, the need for affordable housing, the complexity of the allocation of public houses, the problem of rent-arrears and installments, the maintenance of the houses are only some of the issues I had to deal with.

It also became clear to me that the State was the only financier of public houses and that private financial institutions were absent in the efforts to bring solutions for the housing problem. We will have to look at alternatives to cope with the housing problem and I believe that we should look in the direction of the private sector for solutions. It is against this background that this thesis focuses on the possibility of collaboration in social housing between the public and private sector in a Public Private Partnership.

Paramaribo, 30 April 2010

Marlon Kenneth Powel

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List of acronyms

ABS	Algemeen Bureau voor de Statistiek [General Bureau of Statistics]
CBO	Community Based Organization
CBvS	Centrale Bank van Suriname [Central Bank of Suriname]
DBFM	Design Build Finance Manage
DIGH	Dutch International Guarantees for Housing Foundation
DSB	De Surinaamsche Bank
EBS	Energie Bedrijven Suriname [Electricity Company Suriname]
FISO	Functie Informatie Systeem Overheid [Wage Reform Program of the Government]
GOB	Grond Ontwikkelings Bedrijf [Land Development Company]
GoS	Government of Suriname
GSS	Global Strategy for Shelter
IDB	Inter-American Development Bank
LISP	Low Income Shelter Program
LMISP	Low and Middle Income Shelter Program
MPH	Meerjaren Programma voor de sector Huisvesting [Multi-Annual Housing Program]
NCPPP	National Council for Public-Private Partnership
NGO	Non-Governmental Organization
NTFM	Nationale Trust en Financierings Maatschappij
PFI	Private Financial Institutions
PPP	Public Private Partnership
RBTT	Royal Bank of Trinidad and Tobago

ROGB	Ministerie van Ruimtelijke Ordening, Grond- en Bosbeheer [Ministry of Physical Planning, Land and Forest Management]
SoZaVo	Ministerie van Sociale Zaken en Volkshuisvesting [Ministry of Social Affairs and Public Housing]
SPSB	Surinaamse Postspaarbank
SWM	Surinaamse Waterleiding Maatschappij [Suriname Water Company]
VCB	Volkscredietbank

Chapter 1

Introduction

1.1 BACKGROUND

There is a recognized housing shortage for the low and middle-income households in Suriname (Caram and Mungra, 2008; Maks and de Bruijne, 2008). The Government of Suriname committed itself to ensure that the needy households are guaranteed affordable and appropriate housing. As part of its social policy, public houses were built and distributed as rental housing and hire purchase. This is evidenced by the many projects that have been set up since 1950. The house shortage has increased during time because the production of houses has been structurally low and cannot meet the demand.

The Ministry of Social Affairs and Public Housing (SoZaVo) is responsible for the formulation of the public housing policy, improving the credit system for public housing and the management and allocation of public houses (Binnenlandse Zaken, 1991:17). Its Directorate of Public Housing is responsible for implementing this task. The Foundation for Public Housing and the Foundation for the Construction and Exploitation of Houses as working arms of the ministry maintain and manage the housing projects. Other ministries also have public housing tasks in their portfolio. Because of inter-Ministerial collaboration, in 2000, an Inter-ministerial group was created consisting of the Ministries of Finance, Natural Resources, Public Works and Regional Development with an advisory role concerning the housing policy. The Ministry of Social Affairs coordinated the Cabinet (Observatorio Social, 2006: 21) that also addressed the coordination problems between the ministries.

In the most recent past, the housing policy was tailored to requirements of multi lateral organizations such as UN Habitat and the Inter-American Development Bank (IDB) and NGOs in Suriname. The responsibility of bettering the living conditions was partly put in the hands of the beneficiaries themselves, supporting them with financial arrangements and loan modalities in partnership with the private sector and the so-called third sector. The concept of "Government builds houses" was replaced by initiatives where the Government, together with the private sector, collaborates to increase the housing stock. But the commercial private sector operates on the basis of adequate returns of investment and in practice, the sector has little space to get involved in low-income

shelter projects. It is commercially difficult to provide housing profitably to the poor people that can only pay rents at sub-market levels (UNCHS, 1993: 15).¹

1.2 INDICATION OF THE PROBLEM

In a period of almost 60 years, approximately 14,000 low and middle-income houses were built by or with State-assistance, whilst the actual need for new houses is estimated at 4,000 on a yearly basis (Caram and Mungra ,2008: 6,7; Ramsoekh, 2007: 23; Maks and de Bruijne, 2008: 11-12). It is evident that the quantity of houses supplied is not in balance with the actual demand. Because of the rent and installment arrears of public houses, there is no or not enough money to build new houses. Census data show that nationwide 120.157 housing units were counted. Of these units, 29.388 (24%) were occupied by more than one household (Algemeen Bureau voor de Statistiek, 2006). While in some cases it is a choice of free will or because of cultural customs², in many cases multiple households live in one house because of the shortage of affordable and proper housing.³

1.3 RESEARCH OBJECTIVES

Overall, this study focuses on the partnership approach in social housing in Suriname and explore if a PPP between the Government and the private financial institutions is an appropriate mechanism to address the housing problem of the low and middle-income households more effectively. The study will also look at factors that hinder a harmonious collaboration between the different public stakeholders that, based on their mandates, are involved in the social housing policy. The reform conditions of the social housing policy, namely the withdrawal of the Government from the actual construction of houses and the enabling environment, will be discussed as well.

1.4 RESEARCH QUESTION

The research question of this study is as follows:

- Is a public-private partnership (PPP) the solution for the housing problem of the low and middle-income households?

Sub questions:

- *How has the social housing policy developed in Suriname?*
- *Which social housing programs were executed during time?*
- *How did the target groups benefit from these housing programs?*
- *What are the possibilities of the private financial sector to engage in social housing programs?*

1.5 METHODOLOGY

Besides the literature review, representatives of different stakeholders in the financial and housing sector and NGOs were interviewed. The Minister of Social Affairs and Public Housing, Government officials responsible for the formulation of public housing policy, the Directors of housing foundations and corporations and Bank officials were interviewed.

To gather the empirical data, three questionnaires with open questions were used. The questions differed for public sector, private sector and NGOs. Initially, appointments for interviews were made with all financial institutions that reside under the Central Bank of Suriname⁴. Unfortunately, some of these institutions did not cooperate, even after they were contacted several times.

1.6 ORGANIZATION OF THE THESIS

Chapter 2 presents the analytical framework of the study and discusses the concept of social housing, the enabling paradigm of UN Habitat and the discourse on Public Private Partnerships. Chapter 3 focuses on the housing policy of the Surinamese Government in a historical context. The role of the public sector, the private financial

sector and third sector in social housing is discussed. Chapter 4 describes the policy measures taken to cope with the housing problem of especially the low and moderate-income groups. Chapter 5 rounds off with the findings and conclusions.

Chapter 2

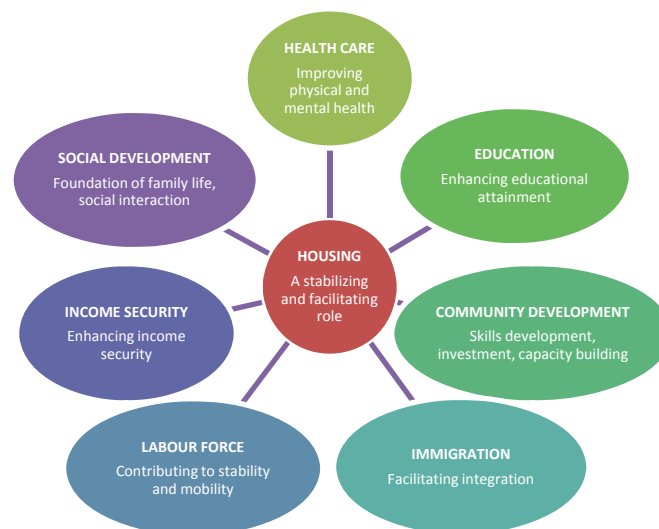
Conceptual and analytical framework

2.1 HOUSING IN SOCIAL POLICY

Having a good roof above one's head secures not only against the influences of nature but also against bad influences of the social environment. Due to a variety of circumstances, certain groups in society are not able to afford good housing. This deprives individuals of the many development chances that lie before them and is an obstacle for using the many possibilities of success in society. Basic services such as clean potable water, electricity, sewerage, and waste management are part of proper housing.

Housing can be related to several social indicators. Research has confirmed the impact of housing and living conditions on health, showing a clear correlation between poor housing and ill health. Stable housing also gives children many chances for better education (Carter and Polevychok, 2004: 14-17). The central role of good housing in social policy is illustrated below.

Figure 1: The central role of housing in social policy (Carter and Polevychok, 2004: 31)



2.2 THE CONCEPT OF SOCIAL HOUSING

In general, the Government has the obligation to deliver public services and in many countries, public services include social housing. Social housing is more than public housing alone. This concept refers to all forms of housing developed under

government subsidy programs in both the private and public sector (Moskalyk, 2008: 1). Housing is provided on a not-for-profit basis managed by the State or not-for-profit or community agencies such as housing associations or cooperatives (Burke, 2004:1;2005:6). Social housing is a way of supporting households with a low income to access proper housing and is expected to contribute to economic, social and environmental objectives meaning that it has a role in adding to the economic strength, social cohesion but also the sustainability of communities (UN Habitat, 2009: 39). In the NGO perspective, social housing entails *“incremental construction and remodeling of units with reliance on individual and collective self-help, progressive microcredit loans, and other forms of creative, non-mortgage financing”*(Achtenberg, 2009:4).

Public housing refers to housing solely funded by the Government (Moskalyk, 2008: 1) or the supply of houses which meet the requirements of satisfactory hygiene and comfort for an affordable price to the public (Loor, 1986: 18).

In the development strategies for housing, two models can be distinguished, namely the *North European or supply-model*, used in England, the Netherlands, Germany, Sweden and the *South European or demand-model* that we find in Italy and Spain. In the first model, the collective housing stock is build by the government, housing associations, or unions. In the demand-model, there is private owner occupied property with limited participation of the State. Suriname chose the North European model (Ruijgers, 2007: 153) that was adjusted during time: besides public housing, self building with technical, financial or material support from Government institutions, self-building with facilitation of plots, facilitation of low cost housing corporations with plots and rent subsidy were included.

2.3 WHAT IS THE ENABLEMENT PARADIGM?

In 1976, the United Nations convened the first Habitat Conference, which addressed the growing development challenges arising in human settlements. The *enabling shelter strategies* were introduced and articulated in the Global Strategy for Shelter (GSS) to the Year 2000. The strategies emphasized a principle that *“the goal of national housing policy should be to widen the range of housing choices available to all*

households so that they can adjust their shelter situation to their own needs and preferences” (Jensen, 2006: 155, 158, 173). In the concept of enablement, Governments have to withdraw from directly providing houses to beneficiaries whilst other actors such as the private sector, non-governmental organizations and community groups – should be enabled to contribute fully towards the achievements of adequate shelter for all. When market parties develop social housing projects, the Government should create an enabling environment by ensuring an adequate supply of land, coordinate the provision of infrastructure and services⁵ and establish a sound financial environment to encourage private investment. Liberalization of standards is necessary to make use of a variety of building materials and promote small enterprises in the shelter field (UNCHS, 1993: 13-15).

2.4 PUBLIC PRIVATE PARTNERSHIPS: CHARACTERISTICS & CONDITIONS

Key factor in the enabling approach is public private partnership (PPP). The PPP-concept rests on three pillars namely the public, private and third sector. The public sector embraces all the institutions and the responsibility of the Government nationwide. The private sector is the whole of institutions, companies and individuals operating on the market using resources of their own to gain profit. The third sector refers to the organizations such as Community-Based Organizations (CBOs) and Non-Governmental Organizations (NGOs) that make a stand for their members. This civil society includes housing cooperatives, women’s groups etc. (UNHCS, 1993: 11).

The withdrawal of the Government from housing provision to facilitating actors in the shelter sector makes the establishment of partnerships crucial. The partnerships are important because they can facilitate the supply of inputs to the shelter process such as land, finance, materials, and skills as well as outputs such as housing services, jobs, and incomes (Jensen, 2006: 193,195).

Successful PPPs would concentrate on addressing shared concerns rather than focusing on any one of the partner’s priorities. Preconditions for successful partnership are the existence of compatible goals, shared objectives, mutual benefits and sharing of resources, work, risk, responsibility, decision-making, power, benefits and burdens. The

preconditions to make the partnerships possible, the process that brings about collaboration and the outcome of the collaboration should always be kept in mind (Awortwi, 2009).

PPPs are “*institutional relationships between the state and the private for-profit and/or the private not for-profit sector, where the different public and private actors jointly participate in defining the objectives, the methods and the implementation of an agreement of cooperation*” Jütting (1999: 5, 6). The Civil Society is also part of these institutional relationships (Mitchell-Weaver and Mannig, 1991: 49). Strategic partnerships give the opportunity to bridge the financial gap between the Government budget and the actual financial need by using private sector capital. Knowledge can be derived from the private sector (Henderson, 2004: 2-4; Pessoa, 2007: 312; Nikolic and Maikisch, 2006: 3).

2.5 CONCLUSION

With the enabling shelter strategies, the Government involves the private sector and civil society in its efforts to realize proper and affordable housing for the less fortunate. Twenty years after the introduction of these strategies, the concepts have also become part of Suriname’s national housing policy. Yet, the Government still is the only entity that initiates all public housing projects and builds the houses.

Public Private Partnerships institutionalize the collaboration between the public sector, private sector and the NGOs and CBOs. Thereby, common interests, the sharing of risks and mutual benefits are essential. PPPs in social housing should include the design and construction of new social housing, but also the renovation of existing social housing and the potential increase of the housing stock. The private sector involvement will include the responsibility for financing, planning, developing, designing, constructing, renovation and maintenance of public housing as well as providing tenancy management services over a certain period. However, the policy of the commercial financial institutions is to make the highest possible profits and issuing loans to low-income groups does not fit in this concept because of the high risks of repayment.

Good and affordable housing remain important in the development of human beings. In the coming chapters, this study will focus on the collaboration between public, private and third sector to achieve a common objective: increase the housing stock for low and middle-income households. The study will look at the shared objectives, shared risk-taking, and mutual benefits.

Chapter 3

The Surinamese public housing in historical perspective

Mr. Chair, I have no house...

- Mr. Chair, I have no house!
- But, Georgine, here is not the place to talk about these things.... We are at a party. Let's talk about pleasant things.
- Mr. Chair, I have no house!
- You told me that the last time, didn't you? I made a note.
- Mr. Chair, I have no house!
- You can't say these kind of things in a Congress were the whole press is present? You will damage the party.
- Mr. Chair, I have no house!
- Call me in the office.
- But when I call you your secretary tells me you are not in or you're in a meeting
- Just tell her you have an appointment with me.
- Mr. Chair, I have no house!
- Girl, you're giving me a headache. Do you think I don't have other problems on my mind?
- Mr. Chair, I have no house!
- I know that. But next month there are elections. If you vote for us and we win you'll get your house immediately.
- Mr. Chair, I will not vote.
- What!!! You can't do that to your party, can you? As a dedicated member you can't let your party down, can you?
- But Mr. Chair, I have no house!

Hans Breeveld (1996)

From Astrid Runns (2001)⁶

3.1 FROM BUILD-RENT-SELL TO SELF-BUILDING STRATEGIES

The housing problem in Suriname dates back to the period of slavery.⁷ A commission established by the Governor in 1910 was ordered to conduct a study on the living conditions of the lower income groups in society, advise the Government and look into the design of a housing law. Because of this study, the Ministry of Social Affairs and Immigration built the first public houses in 1950. After the establishment of the Foundation for Public Housing in 1951, the houses were transferred to the foundation that was responsible for the construction and management of public houses according to a social and economic sound exploitation, as much as possible in hire purchase (Loor, 1986: 7,12,17,18,24,29). Almost all the houses were rented and although the rents were kept low, at sub-market levels, many of the tenants could not pay the rent. Many tenants did not meet the allocation criteria because their disposable income was not enough to pay the rent. The allocation of public houses has always been a debatable issue. Objections vary from non-transparent to politically influenced. The poem at the beginning of this chapter, *Mr. Chair, I have no house*, expresses clearly the affinity between party politics and the distribution of public houses. The register of house seekers is ignored and the houses are distributed under the coalition parties who provide party members in need of shelter. As Schuster (Ministerie van Sociale Zaken, 1988: 9) puts it: *"In the case of allocating public houses, people know in general that this project often has been a political lever in the hands of successive governments. The guidelines and objectives for the allocation of these houses are not always univocal and clearly formulated and were often not public."* In the exploitation of the houses the Government let itself be guided by social grounds while the foundation responsible for the houses aimed at exploiting them according to a cost-effective principle and the principles of a revolving fund (Loor 1986: 63). A rent-geared-to-income (RGI) formula⁸ was used to determine the height of the rent. Cash flow problems, due to abovementioned difficulties, made it necessary to introduce rent-subsidies for public housing. This intervention had no concrete results and the cash flow problems still exist today, making effective and efficient management impossible. On completion of the housing project *Tout Lui Faut*, the President of Suriname explicitly instruct the Ministry of Social Affairs and Public Housing to see to it that the allocation of the houses is done

fairly. *“The houses will be allocated and we are in a political time⁹, so let me say this...of course it is the case that the needy will make politicians and officials know their needs. Our policy is focused on accommodating people connected to political organizations as well as people who do not have anything to do with political organizations. Social Affairs has a special assignment to guarantee an honest allocation and we trust in that.”* (Times of Suriname, 30 April 2010).

At the beginning of the eighties, the Crash Program House-construction that consisted of several housing-construction programs, was implemented (Ecorys, 2003b: §2.2.2). Housing was seen as a social basic right derived from article 24 of the Universal Declaration of Human Rights. Part of the house-construction was financed through mortgages and the houses were sold to the occupants (Runs, 1999: 34,38). The Government Policy Statement of 1992 urged individuals and groups to take more charge of their housing problem and become less dependent on the Government. Broadening of the credit facilities and giving people access to building plots, building materials, know-how and financing were part of the strategy (Ecorys, 2003b: §2.2.5). Policy instruments in the period 1996 – 2000¹⁰ focused on capacity strengthening of private sector cooperatives operating in construction, stimulating self-building by making mortgages accessible, creating favorable conditions in the housing sector by increasing the availability of plots of land and building materials, know-how and funds (Ecorys, 2003b: §2.2.7). New in the Multi Annual Development Plan 2001 – 2005 was the formulation of a Master Plan for the Housing Policy with a revolving fund and a production of 2000 houses per year (Ecorys, 2003b: §2.2.8). The Government also anticipated on the establishment of a Housing Authority and furthermore, a special housing program for specific target groups such as the elderly, youth, people with a disability and single persons would be set up. As was the case in 1992, a Self-building Fund for the Higher and Middle Management was planned. A pilot project for storey building would be prepared. The policy intentions included collaboration with CBOs, interest associations, NGOs, banks, credit unions and building contractors (Regering van de Republiek Suriname, 2001:121-22).

The Multi Annual Program for the Housing Sector in Suriname (MPH 2005-2010) was the follow up that aimed at creating conditions for a sustainable production of house

construction. The elimination of the housing need within 15 – 20 years and reduction of poverty and factors that limit social welfare by realizing 9,000 housing solutions with an investment of US\$ 300 – 500 million, mainly from the private sector were essential (Directoraat Volkshuisvesting, 2007)¹¹. In the last phase of implementation, a Housing Plan has to be developed according to article 49 of the Constitution (Ministerie van Financien, 2009:8)¹².

The former Director of Public Housing notes that the intentions of the Government to withdraw from the construction of public houses is taking shape more and more. In his capacity as Policy Advisor he explains that during the phased withdrawal, the collaboration with the private sector and the NGOs will gradually intensify. Building lots will be reserved for self-building and the directorate will sign agreements with housing corporations and other market parties, giving them the opportunity to carry out social housing projects. The housing demand will be measured to determine the number of houses to build on yearly bases. The Government should come in with financing or stand as guarantor so the organizations can build the houses. Success of this strategy also depends on the settlement of the coordination problem between the different ministries involved in the social housing policy

3.2 FINANCE OF THE SOCIAL HOUSING POLICY

3.2.1 THE ROLE OF THE GOVERNMENT

After World War II, the development of Suriname accelerated and with that, the construction of public houses increased. In 1946, the Welvaartsfonds [Welfare Fund] was established by the Dutch Government. A large part of its Nf. 40.000.000 budget was intended for public housing: having an adequate roof above the head was after all a requisite for a good performance of the population. In 1952, the first self-building program gave future owners the opportunity to construct their houses themselves in a group under qualified supervision¹³. Although the average costs per house turned out higher, hundreds of people were able to own a house for a relatively low price (Loor, 1986: 24, 43 – 45). In this pre-independence period, the Foundation for Public Housing financed most of the construction activities. Other sources were loans from the

Government, banks, and institutional investors. In the Tienjarenplan [Ten Year Plan] 1955 - 64 and the First and Second Vijfjarenplan [Five Year Plans] 1967 - 71/1972 - 76 which were the development plans of those days, finances were also reserved. Government came in with building plots that were an essential part of the assets of the Foundation (Loor, 1986: 57).

The foregoing indicates that the public housing sector depended largely on donor financing. In the period following our independence, the Netherlands for some time was the only donor through the Nederlandse Hulp Allocatie Suriname - NHAS [Dutch Treaty Funds]. After 1982, because of the December killings¹⁴, practically no external financial support for public housing projects was available (Ecorys, 2003: 10).

For the Multi-annual Housing Program (MPH 2005 - 2010), a budget of € 36 million was allocated and implementation would take place through the Sector Fund¹⁵ (Maks and de Bruijne, 2008: 37), resources from the national budget, capital investments from private market parties and other external development partners (Ministerie van Financien, 2009:8). Recent housing programs are discussed in chapter 4.

3.2.2 THE ROLE OF THE PRIVATE SECTOR

Collaboration between the public and private sector in social housing presented itself as early as the pre-independence period. The Foundation for Public Housing borrowed money from the Volkscredietbank, the Surinaamsche Bank, Dutch institutional investors and companies such as the Eerste Nederlandse and Bruynzeel¹⁶ (Loor, 1986: 36).

In a study on construction financing possibilities in Suriname (Riedewald, 2005) the potentials for commercial and social housing loans for the lower, middle-income and social groups that aimed at collective house construction in projects were explored¹⁷. The results of this study show that all banks issued commercial mortgages with a yearly interest varying between 17 and 25% and a maximum term of 15 years. The study concluded that these mortgages would not contribute to adequately solving the housing problem of the low and middle-income groups¹⁸.

In recent years, various commercial banks and other financial institutions have participated in the different housing arrangements launched by the Central Bank and the Government of Suriname. One of these banks is the **Surichange Bank (SCB)**. According to a SCB-account manager, the most successful product for lower income groups is the 7% arrangement. The success is a consequence of the rigorous risk analysis of the bank. The 5% arrangement was less successful because the public was not prepared for the introduction of the mortgage. Current loans had to be settled first. In 2009, there were only 5 applications of which 1 for construction and 4 for the purchase of a plot.

The manager supports the idea of the Governments withdrawal from the construction of houses. Government only needs to facilitate. But *“loans for low income groups require enormous efforts and mobilization and clients need to be trained when it comes to repayment discipline”* says the manager. Risks are high, the repayment capacity is low, and because the bank is rather young, it has no intentions to engage in any social housing projects now.

The **Royal Bank of Trinidad and Tobago (RBTT Bank)** is one of the three large banks in Suriname. The Country Head and President of the bank explains that the bank has accommodated clients by extending the loan term from 15 to 25 years, making the monthly repayment lower and giving more clients an opportunity to get a loan. According to the President, the 7% Cash Reserve Arrangement has not only contributed to the alleviation of the housing problem of the households with a low income, but created employment and boosted the construction sector as well. Spin-off results in higher profits, which in return leads to more tax collection, making capital available for the lower income groups. He believes that acquiring property is important, yet the high stamp taxes should be addressed. With social projects, Government should collect less stamp tax e.g. 1% instead of 10%, which makes mortgages more efficient. The fact that notaries collect a fixed percentage of the real value of property is a disadvantage for the low-income groups.

An instrument that could be an option for the low-income households is a Government backed mortgage. Another instrument is an investment fund. The President referred to the Norwegian Investment Fund that is provided with 20% of the profits from the

natural resources. This fund executes programs for the less fortunate. In Suriname, the example of Norway could be used for social housing initiatives. The net profit of the Staatsolie Maatschappij Suriname NV, the State Oil Company, has been increasing for years in a row. Part of the income is spent on various social projects and community development initiatives. If the emphasis of social policy is put on housing as a catalyst for development¹⁹, yearly a certain percentage of the net profits of the company could be deposited in a special fund to be used for housing projects for the low-income groups. The average costs of a low-income house are about US\$ 20,000. If yearly, 5% of the net profits were allocated for social housing, this would mean an increase of the housing stock in the period 2001 – 2009 of 1,939²⁰. Bauxite and gold contributions should be added to the fund.

The lowest social classes carry the highest risks and experience shows that costs of maintenance and repayment of mortgages are often problematic. The conditions of the 5% mortgage for example make it difficult for the target group. *“Many buy a plot of land instead of building a house and that is why this product is not a success”* states the President. *“And the high notary and mortgage costs make the purchase of a plot even more expensive. Since the poor are not bankable, something has to be done about their cash flow. This can be achieved by adjusting the tax system, give social benefits and make social legislation.”*

In the view of the President, partnership is difficult, but possible *“if the Government stands surety for the financing, so bank activities can take place undisturbed in accordance with corporate policy.”*

The **Surinaamse Trust Maatschappij NV (Suritrust)/DSB** was involved in all the housing programs of the Government to facilitate low and middle-income groups with loans for house construction. From the Low Income Shelter Program (LISP) to the Low Middle Income Shelter program (LMISP), the bank accommodated thousands of clients (Annual reports 2005 – 2009).

The **Landbouwbank**, initially established to support the agriculture sector, is involved in the social housing projects of the Government. Bank products also include commercial mortgages. Not only does the bank issue loans for the 7% facility, it

participates in the 5% state mortgage as well. A few dozens of households were able to get a loan from the bank to built, renovate or expand their house. According to the controller of the bank, talks were held with housing corporations that set up social housing projects and the bank is exploring modalities for fruitful collaboration.

Besides banks, other financial institutions like savings and credit cooperatives were involved in the social housing initiatives of the Government as well. The **Cooperatie de Bijenkorf** is a savings and credit cooperative in the Coronie district. Bijenkorf was involved in LISP I as a Financial Institution that guided applicants, giving them the opportunity to borrow more money. The secretary of the cooperative believes that collaboration between the Government and the private sector is essential for the housing of the low and middle-income households. In his view, the collaboration needs to be based on equal partnership. He sees the withdrawal of the Government from the construction of houses and more private sector and target group involvement in the housing policy as a good development. The Government should call in housing organizations and corporations to increase the house stock by playing a facilitating, regulating and supervisory role, making available plots of land. Private sector should come in with finances.

3.2.3 THE ROLE OF THE THIRD SECTOR

The **Foundation for Public Housing Suriname** is the authoritative institution of the Government when it comes to social housing. Due to financial constraints and the lack of building plots, the Foundation has stopped the construction activities. The Director of the Foundation sees collaboration between the Government and the private sector as an appropriate way to guarantee housing for the low and middle-income groups. *“Because of the diverse setting of Government tasks, it would be a suitable way to outsource the housing to the private sector.”* Bottleneck for the households is the lack of plots which makes it impossible to build.

Withdrawing of the Government from the actual building of houses while involving the target groups and the private sector more actively in the social policy is recommendable. Government has to play a more facilitating role and implementation

should be left to a separate entity while the Government acts as a monitoring and evaluation mechanism. She believes that the involvement of NGOs and CBOs in the efforts to eliminate the house shortage has to be part of the housing plan of the Government. These parties need to play a role as actors in the housing activities. In her view, a PPP could be a good instrument to tackle the housing problem of the low-income groups. *“These groups are after all very vulnerable and have social and financial barriers, which make it impossible for them to get loans or pay high rents.”*

The **Sekrepatu Foundation** is a housing NGO in Suriname that builds rent and owner-occupied houses for lower-income groups. In the view of Sekrepatu, collaboration between the Government and the private sector is the best way to realize housing for the low and middle-income groups. The Managing Director of Sekrepatu believes that legislation should regulate the place of the actors in social housing. Furthermore, he thinks that a mind-shift is necessary and political desirability's should be kept out of the housing activities. A basic housing law with executable and enforcement regulations is necessary. There should be legal financial facilities through private institutions, eventually supplemented with special funds for special groups. *“A guarantee fund for social housing would be a solution as would subsidies for certified institutes, subject and object subsidies, also for private landlords.”*

The Government should make plots available, ready to build, as well as object subsidies, especially for the rent sector. This is important, because the lowest income groups depend heavily on the rent sector. The Director believes that investing in the rent sector gives the most results on the social investment, because more house seekers can be provided. He thinks that a Public Private Partnership is not a good method to tackle the housing problem of the low and middle-income groups, at least not within the current practice and frame *“...because PPPs only work when they are legally and administratively embedded.”*

The **Caesarea Foundation** is another housing NGO that operates in Suriname. Members of Caesarea build their houses themselves. According to the Executive Director and the General Coordinator of the Foundation, collaboration between the Government and the private sector is a suitable way to reduce costs for social projects. Like the preceding officials, they too emphasize the supply of ready to build plots by the Government. They

believe that the laying of infrastructure and possibilities that projects can dispose of utilities are necessities in the execution of social housing projects. Besides, the availability of finances is essential. Caesarea does not think that the Government will withdraw from the actual building of houses, because of the political influence in all initiatives. *“The housing problem should be dealt with collectively, so it all becomes cheaper”* says the coordinator. He argues that the actors in Suriname should explore the possibility of collective financing like in the Netherlands. Furthermore, that public service corporations like the EBS and SWM²¹ should apply special tariffs for social housing projects to drop the costs. In regard to partnership, the director detects intentions, *“but the Government rather keeps everything for its own”* he says.

3.3 CONCLUSION

Changing housing strategies of the Government have not resulted in a significant change of the housing problem of the low and middle-income groups in Suriname. Looking back, you could say that many of the announced strategies were not worked out but left as intentions. The influence of politics in not only the management of the housing foundations but also on the allocation of public houses can be seen as possible obstacles. Another bottleneck is the weak inter-ministerial collaboration.

The private financial sector can do little for the lower income groups concerning their housing problem, due to corporate values. Nevertheless, these institutes engaged in the Government housing programs of which the LISP I and the 7% mortgage were very successful. The idea of a Social Housing Fund based on the example of the Norwegian Investment Fund seems to be a very good option to tackle the housing problem.

Factors that hinder the implementation of a sustainable social housing policy can be reduced to land, capital, government involvement in the house construction and a weak enabling environment. The NGOs are still troubled by the fact that they are not involved in the implementation of housing policy and that the Government does not make any efforts to create a proper environment, which could stimulate building activities and contribute to a structural solution of the housing problem. There is no financing for collective house construction and special legislation for partnerships is also absent.

Another important problem is lack of transparency in the allocation of public houses. In many cases, the tenants and hire-purchasers cannot pay the rent and installments so the State is unable to get the recovery that is needed to build new houses.

Chapter 4

Housing programs of the State

4.1 THE LOW INCOME SHELTER PROGRAM I

The Low Income Shelter Program (LISP-I) focused on the improvement of the housing conditions of the low and middle-income households. The program brought private housing finance institutions, NGOs and CBOs together so they could invest in neighborhoods with concentrations of the target group and make the shelter policies and subsidies of the Government more efficient, equitable, and transparent. This program was private sector driven²² and can be considered a shift of the traditional “build and sell” approach of the Government to a more participatory approach of building with a higher level of involvement of the families that qualify for the program (Stichting Low Income Housing Project, 2005: 1)²³. Private Intermediary Financial Institutions channeled the subsidies and provided housing loans. Supplemental mortgages were issued by the banks at a rate of 14 – 15% (Maks and de Bruijne, 2008:37). A loan-agreement of US\$ 9.8 million was signed with the Inter-American Development Bank (IDB).²⁴

4.2 THE 7% CASH RESERVE ARRANGEMENT

In 2004, the Central Bank of Suriname launched the General Instruction Financing Modality House-construction Cash Reserve Resources to the local commercial banks regarding the use of their cash reserve requirements. This financing modality was meant for house construction, house renovation and enlargement. The Bank aimed at giving the middle-income groups the opportunity to build their own house with payable interest rates while channeling resources to the building sector to boost other sectors in the economy (CBvS, 2004: 2,3). Applicants have to come in with a plot of land or 10% of the project costs if the title of the plot of land is long term formal lease. The mortgage interest rate is 7% yearly.

Table 1 presents the information on the participants in the 7% Cash Reserve Arrangement from the start until mid-February 2010.

Table 1: Results 7% Cash Reserve Arrangement February 2010 (Source: CBvS)

	NEW BUILD	COMPLETION/ EXPANSION	REPAIRS/ RENOVATION	OTHERS	TOTAL
Number	1,531	660	647	119	2,957
Amounts X SRD. 1000	113,472.08	31,813.47	23,782.09	4,618.20	173,685.84

2,957 persons have used this modality since the start of which 1,531 for new building, 660 for completion and expansion, 647 for repairs and renovation and 119 for other use.

4.3 AFFORDABLE OWNER-OCCUPIED HOUSING PROJECT

The project Affordable Owner Occupied Housing was launched in 2007. The uniqueness of this project is that the Foundation for Public Housing put the plots of land to the disposal of the selected households, almost free of charge. The aspirant-owners pay only notary costs. A construction company, selected by the foundation, builds the houses with both financing of local commercial banks under the 7% Cash Reserve Arrangement of the Central Bank of Suriname and own contributions of the aspirant-owners (Stichting Volkshuisvesting, 2007).

4.4 THE 5% STATE MORTGAGE PLAN

The State Mortgage Plan was introduced in April 2009 under auspices of the Ministry of Finance. This plan is set up anticipating on article 49 of the Constitution of the Republic of Suriname, namely the Law on the Housing Plan and its housing policy. This special financing modality is focused on the supply of affordable housing for the low-income groups (Central Bank, 2008). SRD. 71.25 million, the profit payments of the Central Bank to the State over the years 2006 and 2007, will be used to finance this facility over the period December 2008 until December 2010. The loans are issued from

the banks own resources. The mortgage interest is 9% of which the borrower pays 5% and 4% as an up-front non-recurrent interest subsidy by the State²⁵ through the Central Bank (Director Bank Company CBvS).

As the numbers in table 2 show, up to the third quarter of 2009 only 135 applicants entered this program.

Table 2: Results 5% State Mortgage Plan, 3rd quarter 2009 (Source: CBvS)

	NEW BUILD / COMPLETION	REPAIRS/ RENOVATION	HOUSE PURCHASE	PLOT PURCHASE	TOTAL
Number	36	12	8	79	135

4.5 THE LOW MIDDLE INCOME SHELTER PROGRAM (LMISP)

The Low Middle Income Shelter Program (LMISP) is a revolving housing financing or mortgage guarantee fund that makes available loans and or guarantees for those in the lower limit of the middle-income group and legal bodies which represent these groups to the improve their living conditions. The budget is € 2,5 million out of the Sector Fund Housing; as of 2010 over a period of 5 years financed out of the national budget the equivalent to € 10 million (Caram & Mungra, 2008: 6,7,14,23,24,32-34)²⁶. According to the LISP Director, applicants can build houses with an area of maximum 60m² on their own plot. The own contribution is 5% of the loan amount. With this program, approximately 80 – 125 houses can be built yearly, depending on the use: new building, renovation or expansion (De Ware Tijd, 5 February 2010). However, this modality seems to face the same difficulties of the 5% State mortgage plan: high indebtedness of the target group because of small personal loans and mortgages hinder participation in this program (Chairman Board of Directors VCB). Through the LISP Foundation, 200 people applied for a loan of which only 25 were approved.

4.6 THE LOW INCOME SHELTER PROGRAM II

Low Income Shelter Program II is still in preparation. With a loan of US\$ 15 million from the IDB 7,300 low-income households will be assisted over a period of 5 years (Directoraat Volkshuisvesting, 2007). The Government of Suriname will come in with US\$ 5 million (Ministerie van Financien, 2009: 22). With US\$ 3,5 million of the budget, the LISP-foundation will carry out a pilot by building semi-detached houses for youngsters and starters. It is also the intention to build a few apartments. The Director of LISP reveals that the number of applicants will increase because those without a plot will also be facilitated in the pilot-project. The absence of a plot was after all one of the biggest bottlenecks in the LISP-I. Talks with the Ministry of Physical Planning, Land and Forest Management to make plots of land available are planned. The foundation will also approach project developers to see if a win-win collaboration is possible.

4.7 INDIVIDUAL SOCIAL HOUSE CONSTRUCTION PROGRAM

The Individual Social House Construction Program is part of the regular annual program of the Ministry of Social Affairs and Public Housing to assist the needy and poor in bettering their house conditions. Assistance is given in building materials, labour and supervision. Funding comes from the national budget (Directoraat Volkshuisvesting, 2007).

4.8 CONCLUSION

The different non-traditional financing products in housing bridge the gap that arose from the phased withdrawal of the Government from direct implementation of public housing projects. These arrangements stimulate private self-building initiatives for the low and middle-income groups contributing to the reduction of the housing shortage.

In a period of six years, more than seven thousand households have utilized the different financing modalities for new building, completion, expansion, reparation, or

renovation of their house in a period of six years. The number is still low, compared to the actual house shortage that was estimated at 18,000 to 30,000. What strikes one most is that the housing programs for the low-income groups such as the 5% State Mortgage Plan and the LMISP had little success. It is necessary to look into this debacle and come up with suitable solutions so the available funds can be fully utilized. Adjustment of the income criteria for those with an income just above the maximum level (SRD. 1,200) can give many more applicants access to the program. The Affordable Owner Occupied Housing model could also be an option. If this model is expanded, much more households can be facilitated giving them the opportunity to own their own house. The model could also be used for the LISP-II. The ministries of Social Affairs and Physical Planning should gear these housing activities to one another where the latter makes available the plots and Social Affairs the resources.

Another technicality that needs attention is the fact that the programs are primarily focused on housing solutions in terms of ownership, without reviewing the alternative of rent-housing projects. With government support, NGOs could come in with expertise in setting up and managing rent-housing projects for especially the low-income groups.

Chapter 5

Findings and conclusions

Social Housing Public Private Partnerships (SHPPPs) are no solution for the housing problem of the low and middle-income households in Suriname. Such PPPs combine public sector contributions (terrains, building plots) with private sector participation (finances) and third sector involvement (design and construction of houses as well as technical and management expertise) over a certain period. However, in Suriname, unfavorable conditions hinder the creation of PPPs in social housing. There are no terrains available for corporations that build social houses and contracting loans for social housing projects is very difficult. Banks argue that the risks attached to these loans are too high: low-income households have very limited resources, are often not creditworthy, and have a low repayment capacity. There is a lot of uncertainty regarding the payment of rents or the repayment of mortgages.

The Government has failed to create a sound enabling environment for the actors in social housing (see table 3). Stakeholders get involved in policy formulating exercises, but not in the implementation. In spite of all that, the collaboration between the financial institutions and the Government in at least two housing programs was a success.

Table 3: Government actions regarding the creation of an enabling social housing environment

MEASURES OF GOS TO CREATE AN ENABLING ENVIRONMENT	ACTION		
	IMPULSE	YES	NO
Withdrawal of GoS from construction of houses			X
(Adequate) supply of building plots			X
Provision of infrastructure and services (water, electricity) under favourable conditions			X
Encouragement of financial environment for private investment in social housing projects			X
Liberalization of standards to make use of building materials (import rates)			X
Promotion of small enterprises in shelter field			X
(Effective) collaboration between GoS and social housing associations/corporations	X		
Involve private sector, NGOs and CBOs in formulation of social housing policy		X	
Involve private sector, NGOs and CBOs in implementation of social housing policy	X		

It is recommendable that the Government creates an enabling environment for the stakeholders that should include special tariffs for the utilities (water, electricity, sanitation, drainage) and reduction of the notary and mortgage costs for the target groups. The Government should continue to subsidize mortgages. Acting as a guarantor

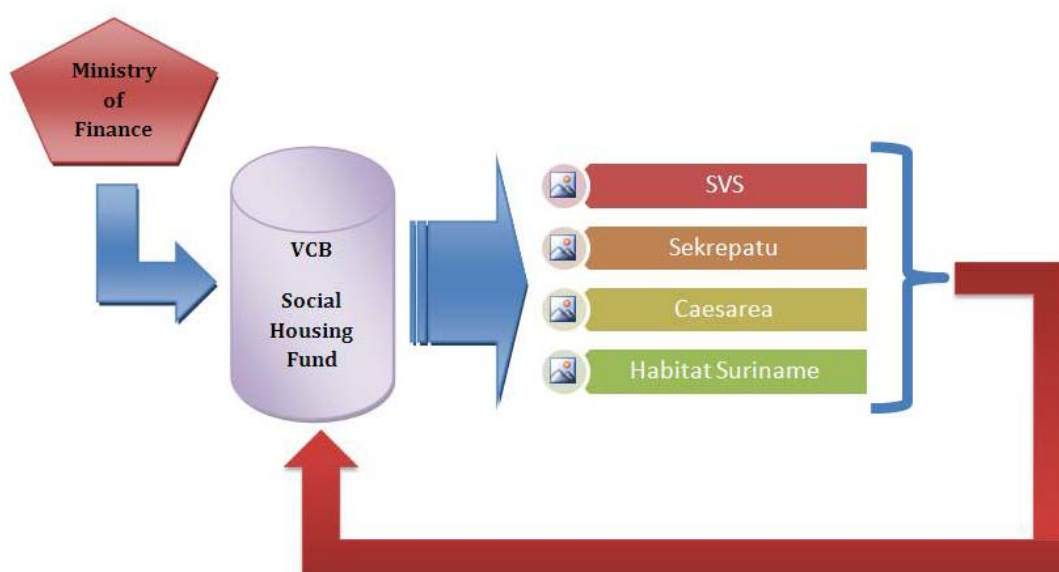
for NGOs and housing corporations in social housing will also contribute to the solution of the housing problem.

It is essential to evaluate the existing social housing programs and make necessary adjustments based on experiences in the field. The goal is to make these programs operate more efficient and effective. The Government could also provide direct support in the form of financial assistance to individual households, which are unable to pay rent²⁷. These subject subsidies should be conditioned.

The issue of the coordination problem between the ministries should be lifted to a higher political level so necessary policy adjustments can be made and that the housing policy can be carried out as it should. The President could intervene in this matter.

An alternative for SHPPPs is a Social Housing Fund (SHF) by analogy with the Norwegian concept. Contributions from the natural resources profits, specially allocated for social housing, could be deposited in this revolving fund, channeled through the Ministry of Finance. With this fund, loans can be issued to corporations in social housing to build rent houses for the low-income groups. With the repayments and the regular deposits, the house construction can be financed on long-term basis.

Figure 2: The Social Housing Fund



Notes

¹ This is called the “needs-demand gap.”

² In the extended family of the Hindustani, children - although married – live together with their parents in the same house.

³ From talks with house seekers in my capacity as interim-manager of the Foundation for Public Housing

⁴ De Surinaamsche Bank/Suritrust, Hakrinbank/Nationale Trust en Financierings Maatschappij, Royal Bank of Trinidad and Tobago, Volkscredietbank, Surinaamse Postspaarbank, Landbouwbank, Surichange Bank, Finabank, Finatrust, GODO, De Schakel.

⁵ Basic services such as water, electricity, sewerage and security are part of the enablement.

⁶ Translated by Marlon Powel

⁷ Planters, civil servants, military, administrators, and merchants from Europe occupied the houses in the city of Paramaribo. Slave-houses were situated in the backyards of the “masters” home. After the abolition of slavery, many of the former slaves came to the city and lived in the dilapidated houses or set up structures that did not meet the requirements of a house.

⁸ The rent was not related to the value of the house, but to the income and other welfare factors of the tenants. The rent should not exceed a seventh part of the monthly income.

⁹ Elections will be held on the 25th of May 2010.

¹⁰ In 1996, President Wijdenbosch came into power. In 2000, snap elections were held.

¹¹ Projections of 2,000 to 2,500 houses per year (1975), 10,000 in a period of five years starting in 1997 and 9,000 (2006 – 2011) were never met.

¹² Article 49 of the Constitution says: “Law will decree a housing plan, focused on an adequate supply of affordable houses and control of the state on the utilization of real estate for public housing”

¹³ This “aided-self-help” system was supported by the American Point Four Program and gave Caribbean countries the opportunity to make use of the available expertise. Saving on wages, buying materials collectively, and producing stones themselves had its advantages.

¹⁴ On December 8 1982, the Military Regime summarily shot several political opponents.

¹⁵ 1975 Treaty resources

¹⁶ Timber Company

¹⁷ Financial institutions were approached to find out what their policy was on this specific issue and which products they offered to the clientele.

¹⁸ See table in annex 1

¹⁹ As described in figure 1 paragraph 2.1

²⁰ See Appendix B, table 2

²¹ Electricity and water company

²² Because NGOs and (professional) contractors were part of the implementation of the program

²³ The program provided upfront subsidies for new building and improvement.

²⁴ The State contribution was US\$ 2,5 million.

²⁵ Ministry of Finance

²⁶ The mediating banks will receive a fee for preparatory administrative and technical activities concerning the issuing of financing.

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Appendix A: Interviewees and informants

Anne Harmsma: Country Head & President of RBTT Bank Suriname (12 February 2010)

Clarisse Pawironadi-Dasi: Chair of the Board of Directors VCB (12 January 2010)

Cliff Mertosetiko: Deputy Director Directorate of Public Housing (18 February 2010)

Dynaida Baptist: Managing Director LISP Foundation (24 February 2010)

Edward Muller: Former Director Surinaamsche Bank NV

Hein Ch. Verwey: Former Director Directorate of Public Housing/Policy Advisor (12 January 2010)

Hendrik S. Setrowidjojo; Minister of Social Affairs and Housing (12 January 2010)

Henk Parmin: Account Manager Surichange Bank (9 February 2010)

Hugo Jessurun: Director Sekrepatu Foundation (6 February 2010)

Jane Fong Ten Jing: General Coordinator Caesarea Foundation (23 February 2010)

Maureen Duttenhofer: Assistant Technical Manager LISP Foundation (24 February 2010)

Mohamed Khodabaks: Secretary Spaar en Krediet Cooperatie Bijenkorf (6 February 2010)

Otto Ezechiels: Director of the Bank Company Central Bank of Suriname (February 2010)

Perry van Leesten: Executive Director Caesarea Foundation (23 February 2010)

Putridevi Dahoe- Amatsoemarto: Acting Director Foundation for Public Housing (29 March 2010)

Radjkoemar Kirpal: Controller Landbouwbank

Wilfred T. Tjin A Tam: Department Manager Surinaamse Trust Maatschappij NV

Appendix B: Tables

1. Loans and mortgages in SRD (Source: Riedewald, 1995)

Institution	Commercial loans	Term	Special loans	Term
DSB/Suritrust	17%	5 - 15	7% CBvS	5 - 15
			15% LISP	
SPSB	17%	15		
RBTB	?		7% CBvS	
Hakrinbank/NTFM	17%		7% CBvS	
VCB	22%		7% CBvS	
Landbouwbank	18%		7% CBvS	
Finabank	25%	8 - 10		
Finatrust	25%	10		
Godo	21,5%		17% LISP	
De Schakel	16,5%		14% LISP	
Assuria	22%	10		
Fatum	22%	10		

2. Net profit of the Staatsolie Maatschappij Suriname NV in US\$ (X 1000) Source: Annual reports Staatsolie 2004 - 2009

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Net profit	23.700	23.900	28.400	38.400	67.800	98.500	146.800	230.800	117.400	775,682
Allocation (5%)	1,185	1,192,65	1,421,6	1,921,4	3,390,95	4,923,5	7,338,45	11,541,7	5,868,85	38,784.1
No. houses	59	60	71	96	170	246	367	577	293	1,939

3. Housing arrangements by term, available resources, interest rate and criteria (Sources: compiled by author)

Term (in years)	Arrangement	Resources (US\$)	Interest	Income criteria in (SRD)	Loan amount
	LISP – I	12.3 mil	Grant	275 – 900	Max. US\$ 3.600
15 – 20	5% State Mortgage Plan	25.5 mil	5%	500 – 1200	
	LMISP	2.5 mil euro	6%	1070 – 2030	50.000
Max 15	7% CRA		7%	1200 – 4000	100.000
	LISP – II	25 mil			
	Individual Social House construction	357.143	Grant		

4. Population per district, Number of households, Number of households with more than one family living under the same roof, Number of housing units and Title of ownership (Source: ABS,2006 District Results Volumes I – V)

District	Population	HH	HH >1 Fam	HU	PO	R/ST/HP
Commewijne	24649	6363	771	6293	4557	428
Saramacca	15980	4309	398	4244	2974	248
Nickerie	36639	9488	997	9228	5814	1191
Coronie	2887	932	67	925	473	151
Marowijne	16642	3987	343	3944	2517	311
Brokopondo	14215	3749	138	3656	2720	51
Sipaliwini	34136	9915	418	9658	7754	171
Wanica	85986	20928	2676	20571	14973	2743
Para	18749	4400	595	4338	3134	321
Paramaribo	242946	59392	8291	57300	33832	13500
Total	492829	123463	14694	120157	78748	19115

HH = Household

HH >1 = Household with more than one family living under the same roof

HU = Housing Unit/House PO = Property Owned R = Rent ST = Sub tenancy HP = Hire Purchase

This table shows that there are 123,463 households in Suriname based on the 2004 census. Of these households, 14,694 live with more than one family under the same roof (12%). In Paramaribo, there are even households with 8 families living in the same house.

120,157 housing units were counted of which 78,748 were property owned (66%), and 19,115 (16%) were rented, had the status of sub tenancy or hire purchase.

5. Number of public houses built in successive periods of government (1951 – 2010)
Sources: Loor (1986, p77), SVS, Directorate Public Housing

Year	Number of houses	Period in years	Average per year
1951 – 1975	2824	25	113
1976 – 1980	314	5	63
1981 – 1983	3,135	3	1,045
1984 – 1987	No data		
1988 – 1990	No data		
1991 – 1996	No data		
1997 – 2000	272	3	91
2001 – 2005	62	4	15
2005 – 2010	395	5	79

From 1983 up to now, the Government has built approximately 1000 houses of which some are still under construction (Deputy Director Directorate of Public Housing). The number of houses built under the Low Income Shelter Program I (LISP I) is 1,194 and 2,529 repairs and expansions (Managing Director LISP). Under the 7% Cash Reserve Arrangement, the Affordable Owner-occupied Housing Project and the 5% State Mortgage Plan, from 2004 up to mid February 2010, 3,027 houses have been built, purchased, completed, expanded, repaired or renovated (Director Bank Company CBvS).

6. Housing programs and number of clients accommodated (Source: Annual reports Suritrust/DSB 2006 - 2009)

Year	Program				
	LISP I	7%	5%	LMISP	8.75%
2006	1,065				
2007	878				
2008	200	1,000			
2009		227	135		
TOTAL	2,143	1,227	135		

Although many people showed interest for the 5% facility, only a few loans were contracted. The high indebtedness because of prior loans makes it difficult to pay off a mortgage. Besides, many applicants have a supplementary income and thus exceed the income limits of the target group. FISO (Functie Informatie Systeem van de Overheid [Information System of the Government based on the position in the organization]), a wage reform program with wage adjustments based not only on the position of the workers in the organization but on the responsibilities as well was initiated in March 2009. Applicants in the civil service that in first instance qualified for the program were disqualified due to the wage increase. Another bottleneck is that people use the loans to buy a plot and have no financial space to build a house. 59% of the applicants bought a plot of land (Director Bank Company CBvS).