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**ASSESSMENT OF STATE AGENCIES WITH RESPONSIBILITIES FOR
LANDS AND OTHER REAL PROPERTIES**

THE NATIONAL HOUSING AUTHORITY

by

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Executive Summary

Established in 1962 as a body corporate the National Housing Authority (NHA) is charged with a mandate that includes the construction and allocation of rental and mortgage housing units. It is governed by enabling legislation (Chap. 33:01).

The shelter policies as administered by the Authority are for the most part consistent with the 'New Administration and Distribution Policy for Land' formulated in 1992. There is, however, under Cabinet direction a shift in policy currently taking place towards privatization of apartments and vesting of lands in development companies.

Review of the organizational structure of the Agency was the subject of an Institutional Strengthening Exercise in the 1990s leading to a proposed revised structure that was accepted by Cabinet. Acting appointments are prevalent. There is a large cadre of daily-paid workers who are not adequately deployed.

Performance appraisal and monitoring systems exist but lack the necessary infrastructure for their effective use. Clearly identified performance measures and tracking mechanisms do not yet exist. Research and development is neglected. Limited training of staff has taken place in recent years.

The Agency's performance has been compromised by a perception that it is a social landlord. Many of its properties are in disrepair and the high cost of maintenance has prompted a policy switch to disposal by sale. Rents are artificially low. Counter to popular opinion, however, the rate of default on rental and mortgage payments at least in recent years is not high, particularly for rents. Just over 100 housing unit allocations occur annually, a mere fraction of the estimated demand for housing units. Even so, many of these are reallocations of existing units.

Given the current uncertainty in role of the NHA and the set organizational culture of this large organization, a merger is not recommended at this time.

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Introduction

The National Housing Authority (NHA) is a Statutory Authority whose traditional role has been the construction and allocation either by rental or mortgage of dwelling units with particular focus on the lower income groups of society.

This report describes the key NHA land and real property related functions from various perspectives including the legal, policy, operations, resource and personnel standpoints. The report also assesses the organization's performance and preparedness for effective State Land Management against stated criteria. The Agency's place in relation to other State Land Management Agencies in the context of the proposed Land Management Entity is also contemplated. Finally, some recommendations are given.

Main Land or Real Property Related Functions

The main land or real property-related functions performed by the NHA are as follows:

- A. Disposal of Units by Rental
- B. Disposal of Units by Sale
- C. Enforcement of Mortgages/ Recovery of Units
- D. Recovery of Rents/Mortgage Payments
- E. Construction of Apartments/ Houses

Appendix 1 details the procedures followed in the execution of some of these functions.

Governing Laws

The NHA's operations are primarily governed by the Housing Act, No. 3 of 1962 which established the Authority (see Appendix 2).

As an Agency engaged in conveyancing and land development, the NHA's functions are also supported by all laws which govern the issue, registration, transfer and exercise of interests in land or other real property as well as all laws which protect the public interest in the use of land.

Legislation governing Landlord-Tenant relationships also apply e.g. The Landlord and Tenants Ordinance. Finally, the constitution of the Republic of Trinidad and Tobago ultimately governs the Authority's operations.

Supporting Regulations

All of the supporting Regulations to the Housing Act are contained in the Act itself. They comprise the following:

Direct Loans Regulations

Soft Loans Regulations

Housing (Income Tax Exemptions) Regulations

National Housing Authority Regulations

Land Management Policies

The policies that guide the NHA in the performance of its real property functions emanate from the following sources:

(a) Policy documents/ Commissioned Reports

These include the following reports:

A New Administration and Distribution Policy for Land (1992) – Central Government

The Review of Shelter and Land Development Policy (1993) - PADCO and Laughlin and Associates Limited.

Task Force on Housing Report (1992)

(b) Cabinet Decisions

Some major Cabinet decisions which give policy direction to the Authority are as follows:

The decision that the NHA must dispose of its entire rental stock through sale.

The agreement in principle that the NHA's new settlements should be planned in the context of a national Growth Pole development strategy.

The agreement in principle that when development companies are formed to implement land use plans for each of the growth poles, the NHA's land assets will be vested as equity in those companies.

The decision that the NHA can retain revenues from properties constructed before 1979.

The decision that in cases of over-subscription, Units be disposed of by lottery.

(c) The Minister of Housing and Settlements

The Minister is authorized under the Act to give directions to the Authority.

An example of such a direction is the instruction that the NHA should now seek to target the middle income groups in its construction projects.

(d) The NHA Board

Major decisions of the Board also amount to policy direction.

Organizational Structure

Figure 1 depicts an overview of the existing organizational structure of the NHA.

Insert Existing Organizational Structure from Strategic Plan

In 1993 the Authority through Inter American Development Bank Funding contracted Winter and Associates, a Canadian Firm and a team of local consultants, to advise on institutional strengthening. A revised organizational structure formed part of the report that was accepted by Cabinet in 1996. Appendix 3 contains an overview of the proposed revised structure. The Board of The NHA has proposed some changes to the recommended structure.

Staff Categories

The categories of staff employed by the NHA as well as their numbers and salary ranges are listed in Appendix 4. Many of these positions are currently filled on a temporary basis by Acting officers (see Appendix 5). The Authority is seeking to have these incumbents regularized in the vacant positions.

The Agency also hires a large cadre of daily paid workers (862 at Dec 31st 1996) who are not adequately deployed particularly in light of the low annual allocation for the maintenance vote (approximately 3 million dollars). With the proposal to dispose of the rental stock by sale, many of these daily paid workers who are involved in rental apartment repair and maintenance may be threatened with displacement although their industrial relations representation is strong.

Performance Appraisal

The Confidential Report (see Appendix 6) has traditionally been used by the NHA as the basis of Performance Appraisal. This report which carries standardized formats for various categories of workers is the same system utilized in the Public Service.

In response to criticisms of the Confidential Reporting System, the Government has introduced a new Performance Management System which was supposed to come into effect from January 2000. The NHA intends to comply with the new Performance Management System (see Appendix 7 for forms) but will need to revise job descriptions to encompass performance standards and outputs for the new system to be implemented effectively. Under the new system supervisors will meet with their supporting staff on a quarterly basis to discuss mutually agreed

upon performance standards and outputs and to determine strengths, weaknesses and training needs. The quarterly reports are to be used in the final analysis for the year-end Performance Management Appraisal Report.

Annual Plan of Operations

The NHA's Annual Plan of Operations is prepared when it formulates its development program estimates in preparation for the annual national budget. This document bears relationship to development targets as identified in the Agency's Strategic Plan (see Appendix 8 for these targets). When the Authority's development programme allocation is announced in the national budget, the annual plan of operations is adjusted to suit the allocation. Implementation schedules are revised and Action Plans are prepared (see Appendix 9).

Monitoring System

To date, monitoring of functions has been done through regular tracking of expenditure and percentage completion of projects (submitted to the Ministry of Finance on a monthly basis – see Appendix 10 for formats). Additionally monitoring and management issues are discussed at weekly Managers' Meetings and at monthly meetings of the Ministry's Project Implementation Committee.

Agency Relationships and Data Sharing

Table 1 indicates the major agency relationships of the Authority.

Table 1: Major Agency Relationships of the NHA

<i>Name of the Other State Agency</i>	<i>Type of Relationship</i>	<i>Method of Communication</i>
Lands and Surveys Division	Approvals of Survey Plans etc.	Letter, telephone calls, facsimile, meetings, visitation
Town and Country Planning Division	Seek Planning Permission for development	Letter, telephone calls, facsimile, meetings, visitation
Ministry of Housing and Settlements	Updates, releases,	Letter, telephone calls, facsimile,

	processing of requests	meetings, visitation
Statutory Authorities (WASA, T&TEC etc.)	Approvals of infrastructure designs and supply of utilities.	Letter, telephone calls, facsimile, meetings, visitation
Trinidad & Tobago Mortgage Finance Company	Referrals for financing	Letters, telephone calls.

The Authority has no formal data sharing policy. Informally, data is exchanged free of charge.

Training Programs

As a Statutory Authority, the NHA has access to all training programs offered through the government especially through the Ministry of Public Administration. Where suitable training is not available through this source or in house, external training is sourced. In the last three years some of the major training programs to which staff of the Authority were exposed are summarized in Table 2.

Table 2: Major Training Programs to which NHA staff was exposed 1996-1998.

Title/Subject of Training	Training Source	Target Group
Customer Service	In-house	All staff with direct customer interface.
Preparation for Retirement	Central Training Unit, Min. of Public Admin.	Staff members due for compulsory retirement.

Apart from training organized by the Authority, the NHA also encourages its staff to develop their potential by pursuing training at recognized institutions. In 1998, 10 employees were granted loans totaling \$25, 433 for this purpose. In 1996, eight officers received financial assistance for training in the fields of computer literacy and quantity surveying.

Research and Development

The Authority does have a very small Research Unit but its mandate has not been clearly identified.

The Authority does, however, benefit from research conducted externally e.g. The Review of Shelter and Land Development Policy (1993) conducted by PADCO and Laughlin and Associates on behalf of the government. That study revealed some crucial sectoral data previously lacking.

The Policy Path

Policy issues that arise in the course of implementation are first brought to attention of supervisors who in turn inform Divisional Managers. At the weekly Managers Meetings these issues are raised with other Managers and the Executive Director who chairs these meetings. Where, clarification of policy is all that is required the matter may be resolved at this level. If the ruling of the Board is required, the Executive Director who sits in on Board Meetings as an Ex-Officio Member raises the issue there. The Board may then make a ruling on the matter that is conveyed to the Divisional Managers by the Executive Director.

Where the Board recognizes that the issue goes beyond their jurisdiction they may refer the matter to the Minister of Housing and Settlements sometimes with a recommendation. Where the matter lies within the jurisdiction of the Minister, he would usually advise on suitable policy. Where it is a matter beyond his jurisdiction, the Minister would have a Cabinet Note prepared which he presents to Cabinet. The Cabinet then takes a decision.

Policy Influence

As the main supplier of State constructed housing, the NHA's operations are high profile and therefore never far from the policy makers agenda. For example, the unacceptable skew in cost of maintenance of rental apartments when compared with the average revenue from such

apartments has in part prompted Cabinet to direct a change in policy whereby the rental stock is to be disposed of by sale.

On a more positive note, the success of initial NHA experiments in joint venture projects with the private sector has prompted the Minister to point the Authority to a place of greater emphasis on such partnerships.

Agency Strengths

Some of the Authority's strengths are as follows:

- (i) Experience in handling a large mortgage portfolio – over 18,000 mortgages.
- (ii) Experienced staff in all areas of land development and construction.
- (iii) Ownership of land resources
- (iv) Freedom to retain revenues from part of its stock (pre-1979).
- (v) Access to a significant construction fund (\$35Mn) apart from the development program allocations.

Agency Weaknesses

Some of the factors mitigating against effective performance of the NHA's functions are:

- (i) A changing mandate for which there is as yet no clear legislative framework.
- (ii) A substantial surplus in staff capacity in the daily paid category who have strong industrial relations representation.
- (iii) Conflicting roles expected of the Agency i.e. role of a social landlord responsive to needy cases and political requests versus a role as a business oriented service organization.

State Land Management Effectiveness/ Preparedness

Maximisation of Revenues

The NHA's operations are largely perceived as a welfare service and this has affected the rate of rental payments. Even so, the rate of default is much less than is generally perceived. The average rate of default on rental payments for the period 1997 – 1998 was a mere 9% according to Annual Report statistics. For mortgage payments the corresponding average was 22% default. In 1996 the Board took a decision to increase the minimum rent to \$100 per month and this was implemented.

Equity in Access to Public Resources

Despite efforts to screen applicants for eligibility according to various criteria including income, the NHA's developments and rentals continue to be abused either by persons who deceive the Authority about their income levels or by those who subsequently sub-let the properties to others for financial gain. The Authority is in the process of revising the covenants that apply to rentals in order to address this.

The Authority's offices and developments are geographically dispersed thereby making the services offered accessible to most of the population.

Attempts to make the NHA's allocations process more transparent led to a 1999 Cabinet decision to allocate apartments to short-listed applicants on the basis of a lottery in cases of over subscription. This policy was effected at the Cooke Street, Almond Drive, Ramdial Mahabir and El Dorado Heights apartments in recent times.

In an effort to make the NHA's services accessible to more than one income group, middle income groups were targeted through the upgrade of certain developments such as Aranguez Villas and El Dorado Heights.

Beyond the \$100 baseline apartment rents are set on the basis of the income of the household thereby allowing access to those with little income.

Protection from Abuse of Real Property Resources

Apart from the abuse that occurs on account of NHA properties ending up in the hands of persons other than those for whom they were intended, abuse occurs through vandalism and neglect of apartments and houses. The strategy to dispose of the rental stock via sale is hoped to inspire better care of these Units by the new owners.

Technical Evaluation of Applications

There is need to strengthen the in-house capacity for technical evaluation of tenders and applications. There are a limited number of staff who perform this function and they are required to perform a range of other duties.

Efficiency in Granting of Interests in Real Property

For straightforward cases the Authority is able to maintain the industry norm of three months for land transactions so long as it has its paperwork in place. Complications and delays in the vesting of lands in the Authority even after developments are built upon them, however, continue to hinder the NHA's efficiency in granting interests in many of its properties. These problems have led to the creation of a 'rental-mortgage' arrangement.

Conformity with Land Use Plans

The Land Assembly and Construction Unit of the NHA takes responsibility to ensure that the Authority's developments are done with proper planning permission and to the satisfaction of the approving Agencies.

Conformity with Development Goals

The NHA operates in conformity with the development goals of the government as its Board takes direction from the Minister of Housing and Settlements.

Monitoring Efficiency in Use of Investments

The Agency needs to establish a proactive means of monitoring the output of its staff and the execution of its projects. To date both are unsatisfactory. Performance measures and standards need to be developed and systematic tracking needs to be implemented.

Records Management

The Authority's records management is less than satisfactory as noted in its Strategic Plan. This has inhibited the organization from receiving loan funds in the past.

State Land Indicators

Table of Basic Indicators of State Land Management: National Housing Authority

	Indicator	Quantity	Comments
1.	Total area managed	350,000 ha including: 6000 rental Units 18,000 mortgages on NHA's books	Based on an adjustment of a 1988 estimate compiled by the Authority. A large percentage of these lands are not yet vested in the NHA. NHA stopped issuing mortgages in 1988.

2.	Total Land Management Budget per year	3Mn	This is the average in recent years allocated to the maintenance vote.
3.	Number of leases etc. issued – agricultural	-	Agricultural leases are not issued by the NHA.
4.	Number of leases etc. issued – non agricultural	72 rental allocations per year 37 mortgage allocations per year	Based on an average for 1997 and 1998 with the 1998 figure as stated in the Annual report adjusted for 12 months. As above.
5.	Number of leases/mortgage agreements prepared and sent to external sources for signature or completion – agricultural	-	Agricultural leases are not issued by the NHA.
6.	Number of leases/mortgage agreements prepared and sent to external sources for signature or completion – non-agricultural	-	The Chairman of the NHA Board signs all leases, mortgages and licenses so that none of these instruments are sent to external sources as a matter of routine.
7.	Rental rate charged – agricultural	-	Agricultural leases are not issued by the NHA.
8.	Rental/mortgage rate charged – residential	Minimum rental is \$100 per month since June 1996	Prior to June 1996 some apartments were rented for as little as \$8, \$12 and \$15 per month. Beyond the baseline, rents are set in accordance with the income of the occupant. The monthly repayment on mortgaged properties is calculated on the basis of the principal borrowed and the interest rate charged – 4% to 8% for recent developments.
9.	Rental rate charged – industrial	-	No formal policy exists for such rates. A draft policy proposing the rates as specified in the 1992 central government document ‘ A new administration and distribution policy for land’ exists but has not yet been accepted by the NHA Board.

10.	Rental rate charged – commercial	-	As above
11.	Rental rate charged – community/religious	Nominal rental but all taxes paid by lessee	As above.
12.	Total revenue collected last available year	55.39 Mn	Based on 1997 figures
13.	Total revenue which should have been collected in 1997	71.36 Mn	
14.	Arrears of revenue in 1997	15.97 Mn	
15.	Months required for lease renewal	-	As they currently stand, NHA rental agreements do not specify a term of occupancy and therefore the issue of renewal does not arise. The agreements are currently being revised to include a term by the NHA Board's Legal Sub-committee.
16.	Months required for lease assignment	-	Current policy does not allow for assignment of leases.
17.	Months required for issuance of new lease	-	
18.	Months required to complete a sale	3 months for new properties 3 months for properties in arrears	Providing the NHA has all the necessary supporting documents (completion certificate etc.) at the time of allocating the property.
19.	Months required to complete an acquisition	Unknown	Acquisitions under the Land Acquisition Act are rare. The limited experiences are of variable duration. NHA initiates the acquisition but the Property Management Unit of the Prime Minister's Office is responsible for the process.
20.	Number of households squatting on land – 1999 or last available year.	Unknown	

21.	Acres occupied by squatters	Unknown	
22.	Number of squatter households fully regularised since 1990	0	Whilst in some cases infrastructure was improved, in no case was any instrument of tenure issued.
23.	Acres of squatter households fully regularised since 1990	0	As above.
24.	Number of squatter households in process of regularisation	-	Regularisation of squatters on NHA's lands is now the function of the Land Settlement Agency.
25.	Acres of squatters in process of regularisation	-	As above.

26. *Are maps and plans available for all lands managed by Agency?*

Maps and plans are available for all lands managed by the Agency in which there are settlement developments. The Agency either through its in-house expertise in mapping and planning or through contracted expertise creates various types of plans (topographic, perimeter, lotification and land use) for each site in which it is actively engaged.

27. *What authority is vested in the Agency, by whom, when, for control over land?*

The authorities of the Agency for control over land were vested by the Housing Act which is the Authorities basis of operations. These authorities are summarized in Section 10 of the Act and include among other things the powers to:

- i. Acquire houses, land or housing projects by way of purchase, lease or otherwise.
- ii. Sell, lease, exchange, or otherwise dispose of real or personal property acquired by it pursuant to this Act.
- iii. Participate with local authorities in housing projects.
- iv. Install services in and effect improvements to or in respect of land acquired by it and develop and lay out land for housing purposes.
- v. Construct, convert or improve housing projects.
- vi. Acquire building materials and equipment and other personal property for use in connection with housing projects.

- vii. Hold, operate, manage, maintain, supervise, alter, renovate, add to, improve, repair, demolish and salvage properties acquired by it.

28. *Does the Agency have access to land capability for establishing desired use? From whom? Evaluation of use and usefulness of this information.*

The Agency does not usually use land capability data because it chooses its new settlements in areas perceived to be suitable for residential development. It relies on the Town and Country Planning Division to use land capability data when necessary in assessing its proposals.

29. *What are the procedures of the Agency for protecting the land resource base to assure sustainable use by future generations?*

The Agency seeks to protect the land resource base for future generations by a number of measures including:

- (a) Proper land use planning of new settlements.
- (b) Limitation of residential plot sizes to 5000 square feet more or less – small enough to allow many households to enjoy access to land.
- (c) Public education through Agency staff and the media.
- (d) Mobilization of communities into organized groups who are encouraged to take pride in and responsibility for their settlement areas.

30. *Does the Agency have capability for assessing the value of land? If not, from whom for what purpose? Evaluation of use and usefulness of this activity in the past.*

The Agency does not possess in-house land valuation expertise. New developments which become available every few years are valued by private valuers in a one-off exercise who recommend an appropriate value to the Board. Private valuers are also used for private treaty acquisitions. Properties mortgaged by the NHA which are repossessed and advertised for

reallocation are also valued by private valuers contracted for that purpose. This is a common occurrence.

The Commissioner of Valuations input is sought for compulsory land acquisitions. If the draft policy for allocation of non-residential plots is accepted, however, the Commissioner of Valuations input is anticipated to determine open market value of plots targeted for non-residential uses.

The Settlements Trust Program (developed lots program) that was initiated in 1987 but which has since trickled out did not require valuations because a standardized lot price was set for all lots.

31. *Does the Agency have the capacity for drawing up leases and other use and possession agreements, licenses, grants, sales, and acquisitions of land? If not, from whom?*

The Agency has in-house capacity for drawing up all mortgage and lease arrangements which it is required to issue. The Legal Unit has 16 staff including two attorneys.

32. *Does the Agency have the capacity to detect encroachment and to evict encroachers?*

The Agency has a limited capacity to detect encroachment and to evict encroachers. Detection occurs as a by-product of the on site activities of engineering, surveying and community development staff. Encroachment issues are first tackled at the level of the Land Assembly and Construction Unit. If a resolution is not forthcoming at this level, the Legal unit takes up the issue and sometimes finds it necessary to serve the encroachers with notices. Failure to respond to such a notice sometimes leads to demolition/eviction by a specially hired demolition crew.

33. *What procedures are used to inhibit encroachments and to evict encroachers?*

To date the measures used to inhibit encroachments and evict encroachers include the following:

- (a) Service of quit notices
- (b) Demolition of structures by a specially hired demolition crew.
- (c) Monitoring by field staff.
- (d) Public/Community education

34. *What procedures are used to regularise 'squatters', including time and costs?*

Squatter Regularisation is a function that was transferred from the Authority to the Land Settlement Agency in 1998. A 1992 Committee chaired by Tim Mooledhar did, however, find that the average cost of a regularised lot under the National Housing Authority was \$17,000.

To Merge or Not to Merge

Whether or not the NHA should be merged with any other organization involved in State Land management is a function of a number of factors including the following:

- (i) The capacity of the accepting organization to not be adversely affected by the acceptance of such a large organization with established organizational values some of which are counter productive.
- (ii) The need to clearly define the Authority's current role.
- (iii) The need to empower the Authority to fulfil its new role.

Recommendations

- (i) The New role of the NHA needs to be clearly established.
- (ii) The Authority needs to be empowered legislatively and otherwise to perform its new role.