

# **Transcript – Prime Minister Rowley’s Remarks at the Sod-turning Ceremony of River-Runs-Through, Arima**

**Date:** Tuesday 12th July, 2016

**Venue:** River Runs Through, By-Pass Road, Arima

**Notes:** The Prime Minister, the Honourable Dr. Keith Rowley, delivered the feature address at the SOD-turning ceremony of River Runs Through, By-Pass Road, Arima today (Tuesday 12th July, 2016). This housing development, which has been in the pipeline for quite some time, is also expected to result in increased job opportunities for residents of the area.

The continuation of the HDC Contracts Award format, which lends itself to several contractors of various sizes being engaged on the site, was also signaled.

The Minister of Education and Member of Parliament for Arima, the Honourable Anthony Garcia, the Minister of Housing and Urban Development, the Honourable Randall Mitchell, the Minister of Public Administration and Communications, the Honourable Maxie Cuffie and the Minister of Planning and Development, the Honourable Camille Robinson-Regis were also present.

---BEGINNING---

Thank you very much Lady Chair, Your Worship Mayor of Arima, Chairman of the Tunapuna/Piarco Cooperation, Minister of Education whose is Mr Anthony Garcia, whose is identified as Member of Parliament for all Arima, Minister of Housing and Urban Development Mr Randall Mitchell, Member of Parliament for San Fernando East, The Minister of Planning and Development which is Mrs Camille Regis, Member of Parliament for Arouca/Maloney, Minister of Public Administration and Communications, Maxie Cuffie, that is the Member of Parliament for La Horquetta/Talparo, Minister of Public Utilities, Brigadier General Ancil Antoine, our visiting Mayor of San Fernando, members of the Cooperation Tunapuna/Piarco and the Borough of Arima, Chairman of the HDC, Newman George, Members of the Management of HDC, members of staff HDC, members of UDECOTT, visitors all, members of the media. Thank you very much for coming out this afternoon to be here with us to mark the opening of a construction project which indicates that the housing construction program for 2016/2018, is truly on the way .

When I was invited to open this function this evening and to start this project, I thought there might have been a mistake. Because I was trying to figure out, how long ago, I knew of this project. But I don't want to go back nearly as far as it was, because that would have passed my retirement age. But I seem to recall that it was a piece of land that was owned by a private owner who offered it to the HDC or UDECOTT. I don't know which one actually did the payment, but I am sure whatever was paid then, the HDC is smiling today. Because the value of this property certainly would have appreciated since it was acquired now. But I thought... I left the housing program in 2007 November and I assumed that this piece of land was consumed in the housing construction, especially when I saw the amount of billions that was spent, in the intervening period. So when I was asked to come to River Sod Street, I said they must be expanding on Phase I and then of course those who transported me very carefully, I could not convince them to stay on the Bus Route and go north because I thought I know where this place was, but we came through a longer route but we ended up in the right place, so thank you very much for bring me here.

But the point I should be making is that, there are two things are controlling the housing program. One is the availability of land and the other is this tremendous demand for houses in Trinidad and Tobago. The availability of land is depending on the small size of our country. There are many of us who have no idea how small our country is, but let me give you an idea of how small our country is. I flew from Guyana a couple days ago, and I flew over a farm and it took longer to fly over that farm than to fly across Trinidad. Then we flew over some islands in the Orinoco and as you look down you can see many, many islands in the estuaries in the Orinoco and all are bigger than Trinidad. But we are a small country and one thing that is not increasing or growing or becoming more available is- land.

The demand for houses increases as people who want to improve their lives and lives of their families, shelter like food, is a requirement. There was a time when the population housed itself by looking after its own needs, finding plots of land and building whatever within the means of the family. But, even so the rate at which the population without state help was building houses would of left us in a situation where we would always be experiencing this chronic shortage. So for the last fifty years, chronic shortage in Trinidad and Tobago, state housing construction has been an integral part in Trinidad and Tobago and the social development of the country.

I could rattle of a number of names of communities which would not have existed in the way in which they existed had it not been for the state's involvement in this very vital project and requirement and responsibility. If we start west of Carenage, Diamond Vale, St.James, inner city Port Of Spain, Barataria all the way up to Toco across to Tobago, Bon Accord, Charlotteville. If you go to Central Trinidad and all the way to Deep South into Point Fortin, you will find small communities, some of them small some of them large but a lot of the houses in this country were built by state involvement and state expense. But even so today, the demand for housing still outstrips the supply and the availability of land is even more and more challenging. Except for Central Trinidad where the availability of land is extremely challenging. In the West, say West

of Port of Spain, a tremendous demand, where one can hardly find a spot to do a housing project. But the demand is there. In Port of Spain, we have no new land, but we have some occupied lands which are underutilised and in some instances we may have to revoke or remove what is there and replace them with modern better units and bring about better use of the land by going up and also by design of structures that are being built.

San Fernando we do have some land around and a lot of housing has taken place around San Fernando. Point Fortin we do have some land, but here in Arima, this project represents the and expansion of the urban area of Arima into what is probably the most suitable location for a housing project, one can hardly leave here this evening and not envisage the perfect place to live, new houses and the river running through and the verdant hills surrounding with such an environment, what can Arima say? But Arima always gets the best. But, there is another problem and that is because of the state's very heavy involvement in housing construction, one gets the impression that the population is now over reliant on the state to satisfy a need completely, which cannot be satisfied completely. And if that is so, then it means very many people, in the face of successful housing projects across the countries, very many people still remain very frustrated applying for very many years waiting for many, many years and not being able to get a unit.

Because I am told there are one hundred thousand (100,000) applicants on the list at this point in time, and if that is true or even half of that is true, then the State's ability to deliver understanding that even though as you are delivering and young people are growing up and getting married and wanting their own houses. Somebody who is twenty years old, ten years later, thirty years old, and they saying they applied ten years ago, the question is, how much can the state undertake? In this era of tremendous demand, with this demand expecting satisfaction purely from the state's output.

So we have to find another way of, to add to the national effort and we have to find a way to encourage the private sector either at the individual level or the cooperate level to get involved. Another consideration is that, the most successful period of housing construction is normally identified with the period of significant government revenues. When government revenues were restricted as it was in the period 1986-1991 very few houses were built. Simply because the state just did not have the money to pay contractors to build houses and during that period the population understood that because there wasn't this demand for housing where everyone was saying, I want a house and I want it now. If my memory serves me right, during that period 86'-91', only a few hundred houses were built. But then the states revenue increased considerably later on and when I was Housing Minister we were running an annual housing construction program of approximately two (2) billion dollars a year and in terms of houses completed and houses started we were in order of about twenty one thousand units (21,000) and even so what we found is that the more you built the more the demand increase. Because people were now seeing houses were being built and being made available and they were looking to the state for their house. It has reached the point where people saying, "I want a house." and my MP not

giving me a house. Just in the same tone and approach of, “I want a hops bread.” And you have a bag of hops bread and I want one. Not really realising that a house is a really expensive item. In the last administration, the average cost of an HDC house was over a million dollars.

This government has decided that, that is unacceptable, unsustainable and we will go back to the real cost by getting competition and I am told that these units that are going to be built here are going to be in the order of \$530,000-\$550,000. That is a kind of reasonable price. But had we stayed in the 1.3 million, fewer houses would have been built or the HDC would have only been able to service those persons who could have service a mortgage of that nature. But the greatness need exists amongst those persons who are able to least face the market. If you look at the papers and you see houses for sale, invariably, the houses for sale in the newspapers are beyond the reach of the average income earner in this country and therefore the housing program of the state has to be mindful of that and set about to build mostly houses for those persons who are least able to face the market and those persons who are able to face the market should face the market where the private sector or if once in a while the state does some mid-market or upmarket units, then those persons would be able to face closer to market price.

So, you will see a shift in the HDC’s position where more effort would be put towards the lower-earning income group. Those persons who really needs the help. We have experienced situations where, we went to very expensive areas and built, knowing that you would be building in expensive areas, but we did it knowing that there was a market for those units and what the state was doing was using its role in encouraging construction to increase the national housing stock for all. So we not saying that the HDC is confined to low affordability housing and I am deliberately not using the words low income, because low income houses no longer exists. A basic 1200 square foot unit, we are talking about hundreds of thousands of dollars and that is not low income in the scheme of things in the earnings of the country.

What we do have is the state taking responsibilities to provide the infrastructure and absorbing some of the cost of that infrastructure but paying the contractor to absorb some of the cost of the construction. That is where the lower middle income householder or the lower income householder gets and immediate benefit. Because when the house is rented or sold it is not done at full market price. If it is sold, it is sold with an element of subsidiary and if it is rented it is rented, below the real market price.

So, the state’s housing program is built on the understanding that there is some element of subsidiary so as to make the unit affordable and available. That is why we have to be careful that units built by the state don’t get into wrong hands. When I was Housing Minister, we set out to build a number of housing units in the Four Roads area, aiming to build those units for ownership by middle income home owners, lower middle income earners. There would have been some subsidiary involved, but we had to ensure that the subsidiary wasn’t outrageous that is was manageable within the scheme of things. In fact, there are points of view in the country, that

even those level of subsidiaries were too high and that the state should not be really be taking on this burden of providing these units at such tremendous cost to the wider tax payers.

Then there was a change in the administration and the units upgraded, because all of you know every house, concrete and cement, it is largely how you finish it gives you the final cost and if you finish HDC Units, to the value of 3 and 4 million dollars, then clearly you are building for people who have no right looking for a subsidiary from the tax payer. But unfortunately that is what was done and now instead those units being made available to the home owners for whom they were designed, those units have been so completed and finished and now valued between 2 and 4 million dollars that the Ministry of Housing is now forced to sell them on the open market and that is a policy that has gone astray.

You will not be seeing no more of that. You will be seeing more effort in the area where a subsidiary is reasonable and acceptable. And we will come up with arrangements that will encourage the private sector to join with the government either on private sector land or in some arrears where the land is state owned and we encourage the private sector on the basis, that the private sector can do that building and make a profit. Because no private sector person is going start building houses for you because you want a house. They will build for you in so doing; they can make a profit on their effort and their enterprise. What we have to make sure is that the competition is such, that the profit that they make be reasonable and the houses that they will build for the HDC on behalf of those who would left those houses are properly built and everybody wins in the end.

The other problem is that as I said earlier the impetuous in the housing program is increased when the money is available in the National Treasury. Indeed I will tell you know that this is not the time, when the treasury is overflowing of money. This is the time where we are experiencing significant shortages in our national revenues. And therefore the government funding housing construction, even as we want to, would be restricted by the government's inability to find the amount of money to carry the program as we carried it a few years ago, as we tried to meet the needs of hundreds of thousands of applicants. So what we have to do is come up with ideas, to allow the private sector to put private sector funding to work towards the same objective, and the HDC along with this kind of project that is going on here today, where you will encourage small and medium contractors to get involved, we also in other sites, will invite the private sector to come in and finance and construct units for the national community and the payments of those units will be done in such a way that it is affordable to those who will have the units, those who build the units and those who will fund the units. So maybe this time in the not so distant future, we will go on another site and you will see a contractor who will be a financier constructor of another project. That site might be a state owned site, where the contractor raises the finance and comes to the project or it might be private site where a person owns some land and is saying look, this land is approved for housing. The housing can be lower middle income, where we can build it but the HDC database has persons on it who are prepared to pay a mortgage and such persons will come and buy that house. So you marry the contractor or owner's wish to the

construction to the funding with the person who is willing to take the mortgage and the HDC acts as a broker and facilitator in the middle of that. Also in some areas of this county, there are certain tracks of land that is owned by the state, which are deemed suitable for housing and the state may also as it is being done in the EMBD program now, make lots available, make a pool of funding available and persons borrow that money and use their own family efficiencies to build the unit that they want to build.

That last model is a model that worked very well after Hurricane Flora. I don't know how many of you been to Tobago, but one of the things that strike me about Tobago is the quality of housing in Tobago. Virtually every village in Tobago has a large number of very good quality houses. What you may not see is that, very many of those houses, were built by HDC loans to families after Hurricane Flora destroyed housing in Tobago. Families were able to go to that pool of money borrowed within their means and build house beyond their means. Because the industriousness that the family as they earned or make themselves more indebted or whatever they earned instead of spending it on other things, they spent it on a family home. And that has given Tobago a very good housing stop across the island and that model of families building within an initiation and help from a pool of funds is something that we look at and the Minister of Finance would look at it to see where that pool of funds can be had and encourage families to borrow directly low income loans and normally start out building small units but somehow they mushroomed into magnificent edifices.

Today, I want to congratulate the HDC's staff for getting to the point where you are reinitiating this housing program. Because this housing program, is a major contributor to economic activity. When a house is built it involves a number of skills. From those who worked in the bank preparing the mortgage, those work worked at the offices with the drawings, those who work at the offices doing various approvals, those work in the quarries to extract the gravel, the concrete, the hardware stores, those who provide the food on the sites, all of these people get into economic activity once there is a housing program. Then even after that, there are certain skills that are employed continuously. Because of the things you would notice no state housing project remains the same after it has been distributed. The owners immediately start to upgrade them and the skilled workers are employed all the time and then when you own a house or start to own a house, know that once you once you own a property you are permanently involved in maintenance and maintenance involves a variety of skills, the plumbers, the carpenters, the painters, the joiners they are all there. So what I am saying is that every housing unit, every housing area is and expansion of the national housing economy. So we spent a number of millions of dollars here, that money would be distributed very widely across a number of families. And of course, The Mayor of Arima, and the Chairman of the Tunapuna Cooperation will be fighting for who collects the taxes from here. Because as you know, we are about to bring about some significant improvement with respect to Local Government Reform and one of the things that would be a feature of local government after the next election and the laws are passed to bring it about, is that local government bodies will be required to collect and keep and use the

taxes that are accrued to the units within their borders. And that is what caused the Mayor of Arima to be here this evening. He is trying to extend the boundaries of Arima. He has his eyes on the taxes of the units. But the Chairman of Tunapuna Cooperation is smarter than that. He is here to make sure that the boundary doesn't change. Because they know, like Tobago, if you are running the cooperation or borough and you have that revenue stream, the very fact that you have and revenue stream you can do a whole lot more than when you are waiting on some money that comes quarterly and it doesn't come and you can't do anything until you see it. Once you have a revenue stream you can do wonders in terms of planning and execution.

So the Mayor and the Cooperation this afternoon, I think the Cooperation bought out more councillors than the Mayor. So Mr Mayor I think things not looking to good. As the city grows, Arima will grow with it and the quality of life is one we can all be proud of. Because I will tell you something as a Member of Parliament, I have people coming to me and when I go out to see my constituents, there is nothing more heart breaking than to see a family living in squalor and there is one thing that a house does, it offers the immediate opportunity for persons who have been living in conditions that are unacceptable to move into an environment where immediately they feel as though their lives have changed because they have a good roof over their heads, they have a door they can lock and young boys and young girls can stay secure close to their family. And of course the community has its own character and growing up in this area; we expect that some of our best children will grow up here because this is one of the best areas in Trinidad and Tobago.

So HDC I compliment you and I look forward coming back here when you begin to hand out keys to the lucky persons to whom keys are allocated. Because I know that HDC and homes change lives in Trinidad and Tobago. Thank you very much and we look forward to the exercise. Construct safely, get the best value for money and do the job well. Thank you very much as we go forward into the future.

---END---