

NATIONAL AFFORDABLE LANDS AND HOUSING PROGRAM UPDATE

**A PRESENTATION AT THE NATIONAL DEVELOPMENT FORUM HOLIDAY INN
PORT MORESBY JULY 1 2015**

By

**Max Kep ML
Executive Director
Office of Urbanisation**

PRESENTATION OUTLINE

1. Introduction
2. NUP & NALHP
3. NALHP Components
4. Capacity Building
5. NUP On Going
6. Land Reform
7. District Institutional Housing
8. Cost Recovery Model
9. Free Land Model
10. Progress to-date
11. Final remarks

INTRODUCTION

- ✘ About Me
- ✘ About Office of Urbanisation
- ✘ Why SELECT OoU to coordinate Land and Housing?
- ✘ The NUP 2010-2030
- ✘ The Five Implementation Components
- ✘ The link

NUP LINK TO NALHP

- ✘ NUP advocates for
 1. Planned Towns and Cities
 2. Managed urban growth
 3. Environmental sustainability

NUP cannot fulfil any of the above if the land and housing issues are not sorted out. Why So?

1. People's need for shelter is basic need. They will do what ever they can to provide shelter for their families.
2. The result is the ever expanding informal settlements (Squatters). 60% in POM, 50% in Lae live and work from informal accomodation

NALHP provides the solution- The Entry Point for NUP implementation. NALHP complements NUP wants with the objectives of the NALHP

NALHP COMPONENTS & BUDGET

1. Capacity Building K4m
2. Land Reform K2m
3. Cost Recovery Model (NHC) K5m
4. Ongoing Urbanisation Projects K1m
5. District Institutional Housing K48m
6. Free Land Model K10m
7. Total K70m – *may need a little more*

CAPACITY BUILDING

- ✘ Drone for Surveying - first of a kind in PNG
- ✘ Office of Urbanisation re-orientation and restructure
- ✘ Concerted effort & Technical capacities of partners/implementing agents
- ✘ Networking and building viable partnerships to happen fortnightly and first to take place this week Friday at National Forestry Yard.

LAND REFORM

- ✘ Accessing Customary Land for urban use and other purposes *must* be pursued.
- ✘ NLDP is now a component of the NALHP funded by it.
- ✘ Main mission of NLDP was for DLPP and agencies Capacity building and Awareness. That mission has been largely achieved. Now agencies **MUST** be Allowed to RUN with it.
- ✘ Magisterial Service need continue Reform for Land Dispute Resolution
- ✘ NRI must continue Land Research and will be supported through funding from NALHP.

COST RECOVERY MODEL

1. NHC K7m in 2014 for Durand Farm Housing Development. K4m in 2015 making K11m for Durand Farm so far. Expected to yield 3-4 thousand serviced allotments.
2. Each of the allotments going for K50,000.00. This is also “affordable” K150 and K500 thousand depending on the size.
3. K1 million given to NHEL the offspring

ONGOING URBANISATION PROJECTS

1. TVPP - 1700
2. Faniufa - 200
3. Minj - 300
4. Umi - 1000
5. Nadzab 600
6. Mt Hagen 300
7. Kokopo yet to visit and establish.

DISTRICT INSTITUTIONAL HOUSING

- ✘ Each District Budget K2m for 10 houses
 - + DSIP contributes K0.5m
 - + PSIP contributes K0.5m
 - + District Housing K1.0m
- ✘ In the term of Office of the MP 40 institutional houses on average should be built to boost capacity,
- ✘ 41 districts received last year and 48 received this year.
- ✘ Districts Housing we hope to capture on Website for all to see and compare.

FREE LAND MODEL – LAND DEVELOPMENT

- ✘ Land will be acquired or accessed
- ✘ Social surveys done
- ✘ Environmental Impact Study done
- ✘ Geo technical studies done
- ✘ Such land is planned into zones and sub division
- ✘ Boundary Surveyed
- ✘ Subdivision Survey
- ✘ Registered and issued section lot numbering
- ✘ Titling

FREE LAND ALLOCATION PROCESS

1. A quota is offered to Orgs*. The quotas are not standard. Some get more.
2. The Org. upon getting the quota, the IHC determine the order and priority of who deserves a free block first.
3. This list is returned to the Secretariat and team will visit to interview nominees and establish housing and financial status.
4. The distribution of land will be based on the information gathered. Higher financial ability get high covenant blocks.
5. The offer of free block of land will accompany an option for housing finance packaged by the Secretariat. The beneficiary can opt to use this package or decide to build the house using their own resources.
6. The Two Paths to owning the land and the house.

FLM- HOUSING & FINANCING PACKAGE

- ✘ A bulk request will be put to the bank/s. Currently only BSP has the K200m fund from Government for this purpose to lend @4% over 40 years.
- ✘ The challenge was to get the banks to waiver the equity requirement.
- ✘ If 500 or 1000 applications are lodged with equal number of titles for banks to take mortgage over will all be worth on average K150plus thousand.
- ✘ The land and house package will be valued at more than K300 thousand plus. The loans are therefore fully secured.
- ✘ Once the loans are agreed and processed, this money will be paid to the selected builder and construction should commence thereon.
- ✘ The beneficiary on his/her part is to honour the Repayment Agreement. One need not get tied down for 40 years if other income or savings are sacrificed to get rid of the loan and the sooner the cheaper for the beneficiary. There will be no penalties for early repayment.
- ✘ Banks will have the right to takeover the land if the Trust Committee* finds no one else ready to takeover – the details still to be worked out.

FLM – OWN BUILT HOUSING

1. The option to build your house out of your own arrangements is perfectly okay but upon **CONDITIONS**.
2. Beneficiary will need to **SIGN A CONTRACT** with terms clearly stating that house meeting all the **STANDARDS** and will be built within the agreed period.
3. The land if no house is built upon it within the agreed time you **AGREE TO HAVE IT FORFEITED** to the Trust Committee#.
4. The last thing we want is for people to turn the site into an unplanned settlement and more than that we will not allow people to sit on the undeveloped land and speculate or sell to the next person with the money.
5. The message is simple. Build a home and you have the land but with no house built on it – it is **NOT A FREE LAND GIVE-AWAY** scheme rather it is a **Affordable Land and Housing**.

THE GOVERNANCE SYSTEM OF THE FREE LAND HOUSING MODEL

1. Land Trust Deed will set out all the operational processes and procedures for managing the free blocks and coordinate between banks etc.
2. Defaulters under bank arrangements or own built failures and title forfeitures and reallocations will be detailed out in the Trust Deed Documents.
3. A committee of DNPM Secretary, Executive Director OoU, DLPP Land Services Deputy Secretary, Banks Rep and Private Sector rep will form the Trust Committee.
4. The job of this committee is to manage the system using the Trust Deed Instruments.

PROGRESS SO FAR

1. Survey plan of Gerehu 3B done and expect 1600 allotments and 1400 already offered to 31 participating Orgs
2. 200 is yet to be allocated to Orgs.
3. We are working on the pegging of the surveyed area and road works, the basic will commence. Coal tar, curbed and channelled road can come late.
4. NCDC will sign an MOA with us tomorrow for they will supervise the civil and infrastructure works there. Roads length is 68 kilometres and basic road and drainage will cost K30 million but full sealing with curb and channel K300m. We hope to give K10 million this year starting with K5m immediately.
5. Big challenge is to get power and water trunk services to the project site. We have deposited K1 million each for that purpose and have signed an MOA with these service providers. They are working on the design of reticulation of the project site.
6. Minor clearing work will commence for model houses to be built immediately

AFFORDABLE LAND ALLOCATIONS

- ✘ 31 organisations are participating
- ✘ 1400 blocks have been given away to-date
- ✘ 14 organisations employees files have been compiled ready for banks to assess. This include; DNP&M, NSO, PNG Civil Registry, PM&NEC, Treasury, OoU, DPM, DJ&AG, OC, PNG Power, DLPP, DoF, PNG Electoral Com. Media Niugini.
- ✘ DLPP is working to create individual title files and is reported to be progressing well to issue titles before Sept. 16.

AFFORDABLE FINANCE PROCESSING

- ✘ BSP Loans Officers in OoU why? Pre-assessment exercise for loan qualification
- ✘ 533 officers files pre-assessed so far from PMNEC, NSO, DNP&M, DoT, J&AG.
- ✘ 237 PASSED ready to be given loan as many houses
- ✘ 163 only to pay other dina moni off
- ✘ 53 no support document/s
- ✘ 67 own builder
- ✘ 12 low salary
- ✘ 1 existing loan

FINAL REMARKS

- ❑ The Government like its FEP, FHP, has come good with a simple strategy to fix what many will say borders on personal pride, integrity and self-worth. This is one 's ability to provide adequate and decent home for their families.
- ❑ Many who benefit from this program will appreciate the Government for this program for they may have struggled with finding decent accommodation let alone *one that they can call their own home*.
- ❑ A house is a basic need that is never treated as a basic need in this country for too long..
- ❑ We hope this program will enable many to proudly say the words *'this is my home'* .
- ❑ The program provides a solution to our ever increasing informality cannibalising our towns and cities.
- ❑ A key determinant of program success is funding to compliment political will.

Thank you