

X.F. 8271  
17 DEC 1926

KENYA  
CO533/363

X.F. 8271  
17 DEC 1926

From  
COLONIAL SECRETARY 3pn.

Date  
18th November 1926.

HOUSING OF GOVERNMENT OFFICIALS.

CLOSED  
UNTIL



Previous paper	(Minutes within)	
Subsequent paper X. 15320/28		
<i>Jba</i>	<i>2/12</i>	
<i>Mr. J. Allen</i>	<i>14/1</i>	
<i>Mr. Allen</i>	<i>17/1</i>	
<i>Mr. C. Strachey</i>	<i>18/1</i>	
<i>Room 29</i>		

NOT TO BE TURNED INSIDE OUT.

HOUSING OF GOVERNMENT OFFICIALS.

1) Colonial Secretary, 3pn. ----- 18th Nov. 1926.

Encloses six copies of report by Mr Basden together with 6 copies of memorandum on present position.

*(Spare copies in R.C.A.)*

(a).

Mr Basden's proposals are briefly:-

(p. 11)

- (1) At a fixed date Officers in Nairobi & Mombasa to be required to find their own quarters, others to be charged a ~~pro~~ fair rent for 9<sup>th</sup> quarters.
- (2) Bachelors' quarters to be erected at out stations when necessary warrant it, to be rented by Officer.
- (3) Residential flats in Nairobi & Mombasa.
- (4) Such buildings to be near the central Officer. To save transport costs.
- (5) Temporary suspension of Customs dues on building materials.
- (6) A scheme to enable & encourage Officers to acquire their own residences.

(1) and (6) are the most important.

(1) involves as a natural consequence the consideration of present salary and house allowance. On this point Mr

making a specialised Kenya service,  
or in other words ~~to~~ making Kenya Officers  
"East African's first and Govt. servants  
afterwards". & therefore, <sup>of only</sup> from the point  
of view of its effect on the relation of  
the Kenya service to the general Colonial  
service, it wd. be undesirable for the  
Govt. to embark definitely on  
any scheme to give effect to the  
recommendations without S.B.S.  
being fully consulted.

The action which the Govt. is  
prepared to consider in the way of  
assistance to Building Societies (either  
general or purely (mil. service)) is shown  
in the memo. also sent home with  
this report. (I refered to in Pt. 10 of Sir  
E. Gigg's speech on the Estimates, 12. Oct 1922)

The Govt. declares it will only undertake  
further building if the invitation to  
private enterprise fails, this seems  
rather an encouragement to those  
who prefer to do nothing.

98. No action at present. Mr. Borden's  
Report does not seem to me to justify  
his employment -

W.A.

Putty

done

C.S.

18/1/27





THE SECRETARIAT,  
NAIROBI,  
KENYA.

WHEN REPLYING  
PLEASE QUOTE  
No. S/D. 139/41/1  
AND DATE

15<sup>th</sup> November, 1926.

X.F. 8271  
17 DEC 1926

The Acting Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and has the honour to transmit herewith six copies of a Report by Mr. A.E. Basden, M.B.E., A.I.S.A., on the Problem of Housing Government Officials in Kenya, together with six copies of a Memorandum on the Present Position in Regard to Housing of Government Officials.

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REPORT ON THE PROBLEM OF HOUSING  
GOVERNMENT OFFICIALS IN  
KENYA

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by A. E. BADEN.

M.B.E.A. 3.2

--ooOoo--

His Excellency,  
Lieut-Col: Sir E.W.M. Grigg, K.C.V.O., C.M.G., D.S.O., T.C.,  
Governor and Commander-in-Chief of the  
Colony and Protectorate of Kenya.

REPORT ON THE PROBLEM OF HOUSING  
GOVERNMENT OFFICIALS IN KENYA.

Your Excellency,

TERMS OF REFERENCE.

1. My instructions are contained in a letter and memorandum addressed to me by the Hon. the Assistant Colonial Secretary on the 14th September (vide Annexure). From the former it will be obvious that I am asked to advise on:-

"The whole question of adopting immediate measures to relieve the situation (i.e. in regard to housing) more particularly in Nairobi and Embasa."

2. The memorandum gives "The present position in regard to the housing of Government servants in Nairobi", and no words of mine are needed to emphasize the wide scope of the enquiry and the magnitude of the task set me. And here I should like frankly to admit that I approach the matter of advising on such a difficult problem, on such short acquaintance with the conditions, with the utmost diffidence and consequently feel sure that any and all shortcomings will be readily excused.

3. In making preliminary enquiries, I was forced to the conclusion that, in order to report fully and adequately on the subject, it was necessary for me to take into consideration the following questions, viz., the possible policy of the Government in regard to European settlement; the terms and conditions of Government service, and the cost of living; all of which directly or indirectly affect the question at issue.

PROVISION OF GOVERNMENT QUARTERS.

PRESENT POSITION.

4. In theory, the present position is that Government officials are paid salary and provided with quarters or, where Government quarters are not available, an allowance in lieu; this allowance being reckoned at 15% of salary, with a minimum for Europeans of £75 per annum. It is understood that originally the position was that the official was provided with quarters, as part of his emoluments, and that 15% of his salary was taken as their value for pension purposes.

5. But the practice has grown up of providing quarters, in towns like Nairobi and Mombasa, whether Government houses were available or not, on the ground that it were inequitable to find quarters for one and pay an inadequate allowance to another of equal status. This is inadequate in that the amount of allowance payable was insufficient, owing to high rentals, to hire similar accommodation to that provided for the former. As a result many junior officials have been "overhoused" in comparison with their house allowance, (and this aspect of the case will be more fully touched upon hereinafter), and that Government has had to hire, at considerable expense, a large number of privately-owned houses, and is still faced with a considerable shortage.

6. In addition to quarters, furniture is provided on loan free of charge.

7. The question that has to be answered in this connection is: can this state of affairs, with its serious burden on the State, be allowed to continue indefinitely? To answer this necessitates close enquiry into the cost.

THE COST.

8. The cost of providing housing accomodation is heavy for the Colony to bear, and the amount scarcely realised even by those in fairly close touch with affairs.

9. Generally it is probably safe to assert that most people casually pass over the following items in the Estimates and give them scant thought:-

VOTE XXVIII - Public Works - Recurrent.

Rents of offices and houses and house allowance in lieu of quarters.....	35,000
Furniture, upkeep and repair of for Government bungalows and offices, and purchase of for new buildings.....	1,000
Maintenance and repairs of Public Buildings.....	26,000

As these figures are for offices and dwellings combined, the ordinary critic will not grasp their significance in regard to housing, and on the face of them they are not of grave importance.

10. If we take the position at Nairobi and estimate as near as possible what it is costing the Government in cash and value to provide official housing, we can from the figure obtained estimate the figure for the whole Colony taking the Nairobi to be roughly 50% of the whole.

NAIROBI - EUROPEANS ONLY.

Rents paid.....	8,187	p	...
Occupied Govt. Bungalows - value	£93,278		
" value of land say -	33,300		
Rented value at 12½% of	126,578	15,822	"
Sinking fund for replacement @ 2% present value.....	1,866		"
	forward	25,875	

forward <sup>£</sup>25,875 per annum.

Maintenance - (P.W.D.).....	2,536	"
Depreciation @ 3%.....	2,798	"
Administration (supervision, correspondence, accounting etc., extending directly or indirectly through several departments @ 2 1/2%.....	4,800	"
Furniture.....	2,300	"
	<u>38,309</u>	
Total value	<u>38,309</u>	
Deduct - Value of House Allowances	<u>16,230</u>	"
LOSS	<u>£22,079</u>	"

11. If, therefore, we take the figure of £38,309 as being the total value representing European housing in Nairobi and add to it 50% as representing Asiatic and African housing and double the result, we arrive at the approximate total cost value to the Colony for housing per annum, viz: £114,927. And if from this figure we deduct the total amount of house allowance earned, we obtain a figure of approximately £70,000 representing a dead loss to the state which we should endeavour to repair; but this can only be attempted in the larger centres where permanent townships exist. At outstations the provision of quarters must necessarily be continued.

12. Moreover, it is now proposed to spend on housing the capital sum of.....£586,430.  
of which it is proposed to spend in Nairobi..... 287,550.  
leaving.....£298,880.  
to be expended at Mombasa and other portions of the Colony.

13. As it is proposed first to deal with the position at Nairobi, it is advisable to ascertain what

the additional cost will be for that centre. We may estimate this as follows:-

Interest @ 6% (i.e. 5% net plus 1% charges and administration).....	£17,253
Sinking Fund 2%.....	5,731
Maintenance 1½%.....	4,313
Depreciation 3% (replacement).....	8,623
Administration 2½%.....	<u>7,152</u>
Total annual cost of Nairobi....	<u>43,132.</u>

to which must be added the rental value of the land on which the houses are erected, say 6% of £50,000 -  
£3,000 per annum.

14. Assuming that when this building scheme has been carried through it would <sup>not</sup> be necessary to hire in Nairobi, then there would fall to be deducted from this figure approximately £10,000 (gross) thereby saved, leaving a balance of £36,132.

15. The amount of house allowance, if paid in lieu of quarters, would amount approximately to £17,152, leaving a net loss per annum of £18,980.

16. In addition to the commitments mentioned in the preceding paragraph, provision must be made for paying an additional grant-in-aid to the Nairobi Municipal Council in lieu of assessment rates; and in the near future additional heavy capital expenditure will have to be faced, viz: the extension of the water-borne sewerage system to the residential portions of the town, a necessity that cannot be much longer postponed.

17. Two questions arise:-

- (a) Is the Colony in a position to bear this expenditure?
- (b) If it were, would the Government be justified in imposing the burden on the community?

PRESENT HOUSING POLICY.

18. It has been briefly but indubitably shown that the present system is a costly one to the Colony, but in addition to this it gives rise directly and indirectly to quite a number of minor troubles and difficulties; in themselves not very important (except to the individual concerned), but in the mass, of some importance indirectly.

19. Firstly, there is the constant difficulty of trying to house each official according to his grade. Dwellings not having been built with an eye to such a contingency, it is not possible to provide identical houses for officials of identical grade. The frequent result is that first one is overhoused and then the next demands to be housed at least equally as well as the first. Hence the overhousing previously referred to.

20. On rental value against a fair rent according to salary (quite apart from amount of houses allowance) a certain proportion of officials in Nairobi is overhoused. As a simple general guide, the value of the property occupied should be double the annual salary of the occupier: thus the value of the property, including land occupied by an official drawing £500 per annum should be about £1,000; an official drawing £600 - £1,200 and so on. And it will be found that on a reasonable rental basis, the monthly rent of a property is roughly £1 for each £100 in value: thus a property worth £1,000 should be worth a rental of about £10 per month. (But it should be noted that this is about the average - it will be found that the lower the value - the higher the rate, and the higher the value the lower the rate: thus a property valued at £600 will bring in about £7 per month (not £6)

and/



and a property valued at £2,500 about £20 (not £25) per month).

21. Taking this<sup>as</sup> a rough general guide it will be found that present rents in Nairobi are considerably higher than they should be. The law of supply and demand applies - there is a shortage and consequently the market value is increased. And this will invariably be found to be the case where the Government is in the market as a buyer (hirer).

22. And, paradoxical as it may appear to be, whenever the Government is in the market as a producer (owner) or buyer (hirer), private enterprise declines in more or less equal ratio. As long as it is the policy of the Government to house its officials, which means acquiring or building, so long will private enterprise hold back.

23. Now it naturally follows, that if an official be overhoused, his standard of living is directly raised and this is a very serious matter where the cost of living is comparatively high; he hires more servants than his salary justifies; he endeavours to reach and maintain the same standard of living as his neighbour - who may draw double his salary; he maintains similar motor transport etc., etc., ad lib. This all reacts on the State, for in time he demands and receives additional pay to meet greater outlay; yet he always remains poor because he lives to the limit of his income. Jealousy and dissatisfaction are common factors when such a state of affairs exists and when these characteristics are present, efficiency is impaired.

24. It may be mentioned here that, while necessary for pension purposes, a house allowance based on salary

drawn is not satisfactory from other points of view. As stated to me and I think it a reasonable view, officials of equal status (grade) should be similarly housed. They are not now because professional and technical officials draw higher salaries than administrative and clerical officials of the same grade and in consequence are allowed better accommodation. Again it is a well known fact that a lower paid employee has to pay out a greater proportion of his salary (wage) in rent than a higher paid employee. In Nairobi, if officials were hiring their own accommodation according to their means, the variation would be approximately between the figures of 33 1/3% and 15%. Thus an official drawing £300 per annum living in a house valued at £600 and paying a rental of £7.10.0. per month would be paying about 30% of his salary in rent; an official drawing £500 per annum (£1000 - £10) about 25%; and one drawing £2,000 (£2500 - £22.10.0) about 14%.

25. An important factor which definitely depreciates the value of private house property in Nairobi is the large amount of land owned by Government. If some of this land were alienated - under restricted conditions of tenure - the present high rental values would tend to depreciate.

26. Another point that may be made at this stage is that the tendency is to build and provide too pretentious dwellings for officials, compared with the salaries drawn. Put in other words junior officials generally are being provided with residences of greater size, architectural pretensions, and area of site, than they could afford to pay rent for if they had to fend for themselves, e.g. the estimated price (vide p.III of Annexure I - para 11 - of the Report on Loan Proposals, 1925) given for class/

class IV house is £1,050, exclusive of land; whereas the amount should approximate to £900, inclusive of land. And I believe the latter figure can and should be attained by the adoption of simpler plans. And, again, with the provision of a smaller house and ground the standard of living and cost will be proportionately reduced, and the individual's financial position improved.

27. Owing to the comparatively frequent changes of residence, due to absence on furlough, officials are put to some expense in re-furnishing; and little or nothing is done to improve the property, e.g. by the planting of fruit trees, gardens, lawns etc.

#### FUTURE POLICY AND COLONIAL SETTLEMENT.

28. It seems therefore abundantly clear that the present policy cannot be indefinitely continued. In fact it seems to me an due consideration of the facts and figures hereinbefore mentioned, that the time is ripe for change, and recommendations and suggestions will be made accordingly.

29. But before proceeding further under this heading there appears to be a paramount reason why a change of policy should be made without delay: and that is, the desirability - one may, I think, rightly say urgent need - of inducing Civil Servants especially junior officials, to make this Colony their permanent home. In spite of my slight acquaintance with Kenya and its conditions - but with 25 years colonial experience and a general knowledge of the political problems of the day - I feel it my duty to suggest the need for colonial settlement, and that the Government should begin with its servants.

30. From enquiries made, I find that only about

5% of pensioned officials (vide page 235, et seq of the Estimates for 1926) remain as permanent residents of the Colony: the rest are lost to the State, together with their children. Every inducement should be given to Civil Servants to make this their home, not merely as a permanent addition to the population, but ~~because~~ after their long sojourn, their knowledge and experience should be most useful to themselves, to the Colony, and to their children: to themselves because they retire at an age sufficiently young to take up fresh work and interests: to the Colony, because they can still render service in other spheres: and to their children, because, with their knowledge and experience of the country, they should be able to start them well, and advise and guide them, and thus place them in a much more advantageous position than immigrants without knowledge and experience.

31. Further, in this connection, there should be taken into consideration the future form of Government in the Colony. In the not distant future, (assuming continuance of present progress which all hope to maintain), responsible government will be granted and in all probability a British East Africa Federation will sooner or later eventuate. And, knowing this to be the case, it may be taken as a matter of course that the present Administration will endeavour, not only as a matter of duty but also an inclination, to prepare the way for the future regime.

32. The following recommendations are therefore based on all these considerations and are conscientiously made in the hope that they will not only assist in the solving of the immediate housing problem but also help towards the future progress and prosperity of the Colony.

RECOMMENDATIONS

33. I beg, therefore, to recommend:-

(1) That as from a date to be fixed (say 1st January 1927) all officials taking up first appointments in Kenya from and after such date be

(a) required to find their own quarters if stationed in Nairobi or Mombasa;

(b) charged a fair rent for furnished quarters if stationed elsewhere.

(2) That, when the number of officials warrants it, bachelors' quarters be erected at outstations ( and possibly Mombasa) for the accommodation of junior unmarried officials, where they can arrange their own messing, and for which accommodation they will be charged a fair rental. Bars prohibited.

(3) That residential flats be erected at Nairobi and Mombasa for married junior officials and possibly at Nairobi for unmarried senior officials.

(4) That to save transport costs the buildings recommended at (3) be erected at Nairobi within walking distance of the site for the projected central offices.

(5) That while the present shortage of accommodation and high costs of building exist, Customs duties on building material ( especially cement and iron) be suspended for a definite period of from year to year until housing conditions have improved.

(6) That a scheme be adopted to enable and encourage officials to acquire their own residences.

(Note:- Recommendation (1) will, of course, not be applicable to senior officers appointed or transferred to Kenya for specific purposes and under particular terms and conditions of appointment or service)

See  
footnote.

HOUSING OF NEW OFFICIALS

34. The adoption of recommendation (1) would necessitate some alteration in the terms and conditions of employment of officials: e.g. the adoption of consolidated rates of pay. But it is suggested further that opportunity be now taken of considering the question of creating a Kenya public service. It is thought that the establishment of such a service would materially assist in regulating conditions under recommendation (6) and that savings might accrue directly or indirectly to both Government and officials. There would fall to be considered under this head questions of :-

- (a) Conditions of service.
  - (b) Rates of pay and allowances
  - (c) Marriage and Children's allowances
  - (d) Leave - local and furlough
  - (e) Passages.
  - (f) Local seaside and inland pleasure resorts.
  - (g) Transport.
- } Public  
} Service  
} Regulations

and possibly other items relating to service, salaries, and the cost of living. Moreover, inducements might be found and offered to present officials to transfer from their present conditions of employment to the new conditions to the ultimate advantage of both parties.

35. It is considered that very little hardship would fall on officials by the adoption of recommendation (1) (a) because it is remarkable how quickly conditions right themselves to meet the circumstances. And the situation would be greatly improved if immediate effect were given to recommendation (3).

36. It is hardly necessary to remark that there would be nothing to prevent an official on consolidated

pay from hiring a house in Nairobi or Mombasa from the Government at a fair rent for the property should a property be available for letting. Such rent would be based on the value of the property and have no relation to salary drawn by or grade of the official, and when assessing rents for Government bungalows due regard should be given to the value of the land on which they stand.

37. At outstations officials could not possibly be expected to find quarters for themselves and that will be the position for a great many years to come; but new officials paid at consolidated rates would be charged rent and have the amount deducted monthly through the pay-sheets instead of receiving quarters free. When calculating rent for quarters at outstations due regard and allowance should be made <sup>for the extra accommodation provided for</sup> ~~for~~ purposes of hospitality.

#### BACHELORS' QUARTERS.

38. The provision of bachelors' quarters at the larger outstations for single junior officials would be beneficial both to the Government and the individual; to the Government in that capital expenditure on buildings would be reduced and to the individual in that the accommodation available would be within his means.

39. It is suggested that consideration might also be given to the desirability, for other reasons, of erecting quarters for single men in Nairobi and Mombasa; where they could be messes or mess themselves and live under more satisfactory conditions than are sometimes found in hotels and boarding houses.

40. The rent charged for bachelors' quarters would be based on their market value and have no relation to  
salary/

salary or grade. Their provision would necessitate a small capital outlay but they would bring in a good return, more than sufficient to cover maintenance, depreciation and redemption.

#### RESIDENTIAL FLATS

41. The present difficult position at Nairobi and Mombasa could be greatly relieved by the immediate erection of residential flats for married junior officials and at Nairobi, say in the neighborhood of the Club, for single senior officials.

42. The provision of flats for married junior officials within reasonable distance of the new Government offices, would prove beneficial to the individual, because he would be enabled to hire at a fair rental accommodation that would approximate to his spending power; and he would save in servants and transport.

43. The advantages that would eventually accrue to both Government and official by bringing about a reduction in the cost of living can be readily appreciated.

#### TRANSPORT.

44. In a country where motor transport is well-nigh a necessity it might be found possible to adopt for Government officials - and the suggestion is here thrown out for future consideration - a standard British car (of varying type, size and power, to meet the needs of the individual) and thereby solve another factor in the cost of living.

#### BUILDING MATERIALS

45. There is a shortage of building materials  
and



and present normal building operations in the Colony are frequently delayed for want of material. There are scarcely any labour-saving devices in use for the making of bricks and tiles, preparation of stone, mixing of concrete etc.

46. Building costs would be reduced by about 10% if building materials were admitted duty free.

47. In all the circumstances there appears to be a clear case for suspending the Customs duties on building materials until the present shortage of houses is relieved.

PRIVATE OWNERSHIP BUILDING SCHEME.

48. There is no serious difficulty in the way of setting up a building scheme for public officials, provided reasonable assistance by the Government is forthcoming at the beginning for the benefit of those who are not possessed of the necessary margin of security to enable them to take up loans on first mortgage.

49. Would Government assistance be justified is a question that might well be answered here. I think that the answer is decidedly in the affirmative, for the following reasons:-

- (a) The State is being relieved of the burden of finding quarters for its new servants in the bigger centres;
- (b) The State will be relieved gradually of the present cost of maintenance in these centres;
- (c) assistance must be given at first so that there need be no delay in setting the scheme in motion in order to bring about immediate relief.

50. The form and the amount of the assistance are the next questions and these are rather more difficult to answer. A properly administered building society could advance with safety up to two-thirds of the normal value of a well-situated, newly-built, town property; a property that, if left on its hands, the society could sell or let without difficulty. I am perfectly satisfied that there is full scope in the Colony for a modern building society and that such a society could play quite a part not only in a scheme for officials, but also in the development of the towns.

51. The amount of assistance that the Government might be called upon to give would therefore be up to 33 1/3% of the value of the property to be purchased or built, including land; according to the need of the prospective purchaser. But I think it has been made clear that it will be in the interests of the State to grant this assistance. There is a slight possibility of loss but although a loss might be occasioned here and there the amount involved would be but a small sum compared with the amount the State will save by the adoption of the policy recommended.

52. The form of assistance that I would suggest for consideration is two-fold, viz:

- (a) the gift of a portion of the value of the land, being Crown land, on which the building stands or is to be erected;
- (b) the loan of the balance required (to make up margin of security) to enable the official to take transfer <sup>and</sup> ~~or~~ take up a mortgage.

53. There are three important reasons why (a)

is/

is recommended. The first is that, as previously indicated, it will be of general benefit in Nairobi if some of the Crown land, suitable for residential purposes were alienated; the second that, as soon as such a scheme as that now proposed becomes known to the public the price of privately owned land will appreciate; and the third and not least, that it is more than worth while to give inducements to present, as well as future, officials to become property owners.

54. The amount of such a gift, if the previous suggestion be acted upon, can only be determined arbitrarily and the State must be safeguarded to prevent abuse. I would suggest that the value of the gift be £100 and that it be based on the rate of £10 for each year of service. Thus in the case of an official with more than 10 years service, the gift would be made outright, provided an approved dwelling be erected within a stipulated brief time. In the case of an official with less than 10 years service, the gift would bear a "load" equivalent to the sum of £10 for each year to complete 10 years and in the event of the period of 10 years not being served the balance to be recoverable from any monies falling due to be paid to the individual or his estate.

55. Such a gift becomes justified on the grounds that the State ultimately benefits and an immediate and direct inducement to build is essential to the policy. The offer of this gift should only remain open to acceptance for a limited time.

56. The balance required (vide (b) para 52) which will have been reduced by £100 if effect be given to suggestion (a) - can be found in two ways; either

Government/

Government advancing the amount directly or guaranteeing it if found by the society. The real questions to be solved here are:- the rate of interest that should be paid for this advance; the period of the loan; and the method of repayment.

57. A Building Society could not make advances at a lower rate of interest than it has to pay its depositors. It is contemplated that the society will be able to make advances on first mortgage on proper security to officials at a rate not exceeding 8% p.a. In the event of the Government guaranteeing the margin of security (vide previous para. second alternative) the society would be compelled to charge the normal rate of interest for the whole of the loan, i.e. up to 100% of the cost of the property, and this would fall a little hard on the borrower. Consequently and as a further inducement to the official to buy or build, it is recommended that the Government lend the individual the margin required free of interest at as low a rate of interest as possible. (In fixing the rate, if any, the Government will no doubt continue to bear in mind the large amount it will save by the adoption of this policy). And it is further recommended that the amount be recovered by Monthly instalments of capital and interest over a period not exceeding 15 years with the right to the individual to pay the balance owing in full or in part at any time. If these suggestions be adopted the Government will be able to devise satisfactory safeguards for the repayment of their loan.

58. In addition to financing the individual to the extent of the balance of the margin of security (say

one/

one third of the purchase price) the Government would first have to finance the building society by depositing monies with it as required; not a big lump sum. Subsequently (and in a very short time if properly organized and encouraged) the society would receive sufficient deposits from private sources as will permit it to repay the Government deposits and carry on independently. The reason why Government would have to assist the society with deposits at first is to enable it to grant loans immediately and thus achieve the object desired. The monies deposited by Government would earn the same amount of interest as monies deposited by private persons. The society would be able to afford to pay interest at 5% p.a. on the monthly deposits to savings bank current depositors and from 5% to 5 1/2% p.a. on fixed deposits according to period deposited. Little or no expense would therefore fall on the Government by the grant of such assistance to the society.

59. From enquiries made I am of opinion that, with Government recognition, the society contemplated would quickly receive deposits. There is no really active savings bank putting itself out to open savings accounts either for Europeans or Asians and these sources could be counted upon. The modern building society encourages thrift in every way and opens savings accounts for children and other small depositors. I have not had an opportunity of ascertaining how missions invest the monies deposited by Africans in their savings banks but it is possible that a fair amount might be expected from that direction. Incidentally the opening of facilities for deposits at a fair rate of interest may induce some of the amount of savings now sent abroad to remain in the country.

60. In addition to its savings bank (current and fixed deposits) the society would gradually raise funds by the sale of fully-paid (permanent) shares carrying a preferent dividend payable from the profits; and contributing shares earning such dividend year by year as the balance of profit permits, due regard being had to the necessity for creating and building up reserve and contingent funds.

61. Under this heading I would suggest that consideration be given to the making of a compulsory deduction of a monthly sum on a percentage basis from the salaries of all new officials (being one of the conditions of service) for deposit in the building society's savings bank or as subscriptions to contributing shares (as may be decided on by the individual) to be a nucleus towards the purchase of a house. If and when the individual purchased a residence, the amount would be paid out to him and he would then cease to suffer the deduction. If he never purchase, then the whole amount would accrue to him on his retirement or discharge. Such a compulsory saving scheme (just as the additional amount paid above rent in the purchase of a property under a building society scheme) would be of great benefit to the individual. Unless he save under either scheme an official is apt to live up to his income and, before marriage at least compulsory deductions for his benefit could not be any hardship. Such monies deposited with the society would help to swell the capital for loan purposes.

62. It is possible, and suggested for consideration, that the Post Office Savings Bank might deposit new accumulations with the society and thus earn a higher rate of interest, with assured security, than is at present earned.

63. Two methods of redemption are usually in use by modern building societies and the choice is left to the borrower, viz:- the share system and the annuity system. Under the former, the borrower agrees to subscribe to a number of shares the total ultimate value of which, when matured, is equivalent to the sum borrowed. Subscriptions are paid monthly and to them there is added the amount of dividend (share of profit) earned. Under the latter, the borrower pays a certain stated monthly, interest and redemption included; the monthly interest being calculated on the balance owing month by month, so that the part applied to interest decreases monthly and that applied to capital redemption increases monthly.

#### GENERAL OBSERVATIONS.

64. The following notes, more or less relating to the general subject of official housing and the writer's recommendations, are made at this stage in the hope that they may serve a useful purpose; they are made as a result of thoughts and observations while enquiring into the housing question generally and while writing this report.

65. It is contemplated that the Government will sell its own bungalows in Nairobi (other than those required to house specially appointed and short period contract officers) at a valuation and rid itself of the maintenance and administration charges as well as raising capital for new projects. It is suggested that, generally speaking, where a bungalow stands on a very large site, no more than sufficient land for a normal building site be sold with it. This is mentioned as it was observed that many of the bungalows have sufficient ground for two or more houses and it is better that Government should sell building sites direct to the individual than that the first purchaser/

purchaser should profit by the purchase at a reasonable figure of much more land than he needs and the sale of the remainder at a much enhanced one.

66. The practice of building kitchens away from houses strikes one as being most undesirable; and those visited left a most unpleasant impression. It is thought that if bright, cool kitchens with modern improvements were provided our womenfolk would be able to take an interest in their cooking; and some would benefit in health and spirits by the extra work and interest.

67. Houses for junior and subordinate officials might well be simpler in design and more compact, thus easing housekeeping. It is suggested that consideration might be given to

- (a) cutting down verandahs to porches and using space for other purposes such as
- (b) increasing the size of living rooms
- (c) decreasing the size of sites; (bearing in mind site value for rating purposes)
- (d) Planting fruit trees

As a matter of fact the official will see to these items when he builds for himself, as he will be a free agent, selecting his own site, architect, plans etc.

68. When considering the question of consolidating salaries the question of encouraging families by the payment of married and children's allowances, instead of increasing house allowance, might well be considered.

69. Medical opinion might be taken on the question of increasing the present tour of service for new officials. Such an enquiry might include the benefits to be derived from local annual leave and the provision of Government hostels and bur slows at a suitable centre for summer

vacations/



vacations (such as Sabatia, West Kenia, Limoru, Nanyuki, as well as Mombasa for winter. In considering periodic tours, due regard would be given to men stationed in unhealthy and lonely spots.

70. As a further inducement to officials to make Kenya their permanent home, consideration might be given to the sale to them on easy terms of crown land suitable for intensive cultivation after, say, ten years' service. Provided his official duties were in no way affected, he could begin to develop the property before date for retirement. Final payment for the land might be accelerated or concluded by the commutation of part or whole of pension.

## HOUSING OF ASIANS.

71. Although there are additional factors to be taken into consideration when dealing with the question of housing of Asiatics, I am generally of the opinion that the principles underlying my recommendations regarding housing of Europeans should be applied to Asiatics also.

72. The principle difficulty is the comparatively low salary paid to subordinate Asiatic officials. Many of them are not junior in point of age, but hold lowly positions and most of them are married and have children to support. They claim that the house allowance paid them is insufficient for their needs. On the other hand it may be held that they are paid according to their economic value. That is a problem in itself which I am not asked to solve.

73. The other factors hardly fall within the scope of this enquiry, but they will readily present themselves to the mind and due weight will no doubt be given to them if the matter is under consideration.

74. Firstly, I would recommend that item (1) paragraph 1 be applied to Asiatics as well as Europeans, i.e., they should be paid fixed consolidated salaries and be required to find their own quarters or, if provided with quarters, be charged rent according to their value.

75. But there appears to be a serious shortage of house accommodation for Asiatics in Nairobi and, in consequence, high rents are being charged by landlords; and while there is ample scope for private enterprise, building of suitable accommodation is not being undertaken; and, in fact, there is no private enterprise. Assuming there were some spark of private enterprise here, I would urge that it be not braked by guaranteed rentals and so forth; such practices only tend to

tend to force up prices and do not help towards a permanent solution of the difficulty.

76. In the circumstances, I would recommend the immediate erection of a few rows of cottages, of a type commensurate with the salaries drawn by the officials for whom they are intended, so that effect may be given to the recommendations contained in paragraph 74. The erection of these cottages would relieve the Asian housing situation in the same manner as the proposed flats for Europeans; and, in course of time, their rentals would cover all expenditure.

77. I am given to understand that the Asians in Nairobi, as elsewhere, have a strong inclination to invest in fixed property; and that while the lower paid officials could not undertake the obligations of hire-purchase, a few of the higher paid would probably be glad to avail themselves of a building scheme to enable them to become their own landlords. If similar encouragement and assistance be given in their case, under proper safeguards, the housing shortage for Asians would be still further relieved to the extent of the new building undertaken.

78. It was observed that some Asians were well housed in separate bungalows on large sites but that the ground was totally uncultivated. I consider this type of housing wasteful and feel sure that the rental value of the properties would be considerably out of proportion to the salaries drawn by the officials concerned. It is recommended that the housing of Asians be placed on the same economic basis as is suggested for the housing of Europeans, i.e., ~~that~~ their housing should be commensurate with their salaries.

79.....

79. The Asian community would, it is understood, be glad of the opportunity of exercising thrift through the agency of a building society; and a progressive society would quickly bring to their notice the advantages to be gained by saving through its medium.

CONCLUSION.

80. Owing to the wide scope of the enquiry and the short time at my disposal I have had to content myself with reporting in general terms and, rather than give too much thought to the literary side, I have endeavoured to be thorough and practical. Some of the recommendations <sup>and suggestions</sup> may be novel and without precedent; but there seems to be no reason why they should not make its own precedents, as must indeed be done when the position is unique.

81. May I be permitted, through this medium, to express my grateful thanks to all those who have been kind enough to give me freely of their thoughts and experience. One and all with whom I have come in contact have helped with information and done their best to further my investigations.

82. And finally, may I express to Your Excellency the hope that this report, in spite of its shortcomings, may be found of much practical value and help to further the Colony's progress.

I have the honour to be,

Your Excellency's most obedient servant,

(Sgd) A.E.BASDEN,  
Incorporated Secretary.

MEMORANDUM ON THE PRESENT POSITION IN  
REGARD TO HOUSING OF GOVERNMENT  
OFFICIALS.

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The shortage of housing in the larger towns of the Colony has raised the cost of living and last year prompted Government, with the approval of the Legislature, to provide loan money to the extent of more than half a million sterling for the erection of more Government owned quarters.

Government is, however, most anxious to avoid such expenditure, and to assist private enterprise in building the necessary houses on reasonable terms. The most important steps to this end are, in its opinion:-

- (1) to enable officials, so far as possible to build and own their own houses;
- (2) to provide for the erection of such houses by Building Societies of the character which have proved their value in South Africa and elsewhere;
- (3) to stimulate private building enterprise.

With this object in view, Government invited Mr. A.S. Basden, Secretary to one of the Chief Building Societies in South Africa, to visit Kenya and to advise.

Mr. Basden's Report (attached) indicates the belief that there is great scope for one or more Building Societies in the larger towns of this Colony. With this view Government agrees, and in order to encourage their formation declares its readiness to consider assistance on the following lines:-

- (a) in the case of a general Building Society, whether of local origin or from some other part of the British Empire, assistance will be given to the Civil Servant regarding that portion of the capital that is required of the intending

/house-owner

REPORT ON THE PROBLEM OF HOUSING  
GOVERNMENT OFFICIALS IN  
KENYA

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by A. E. BADEN.  
H. B. E. A. I. S. A

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REPORT ON THE PROBLEM OF HOUSING  
GOVERNMENT OFFICIALS IN KENYA.

Your Excellency,

TERMS OF REFERENCE.

1. My instructions are contained in a letter and memorandum addressed to me by the hon. The Assistant Colonial Secretary on the 14th September (vide Annexure). From the former it will be observed that I am asked to advise on:-

"The whole question of adopting immediate measures to relieve the situation (i.e. in regard to housing) more particularly in Nairobi and Mombasa."

2. The memorandum gives "The present position in regard to the housing of Government servants in Nairobi", and no words of mine are needed to emphasize the wide scope of the enquiry and the magnitude of the task set me. And here I should like frankly to admit that I approach the matter of advising on such a difficult problem, on such short acquaintance with Kenya conditions, with the utmost diffidence and consequently feel sure that any and all shortcomings will be readily excused.

3. In making preliminary enquiries, I was forced to the conclusion that, in order to report fully and adequately on the subject, it was necessary for me to take into consideration the following questions viz., the possible policy of the Government in regard to European settlement; the terms and conditions of Government service, and the cost of living; all of which directly or indirectly affect the question at issue.

-2-

PROVISION OF GOVERNMENT QUARTERS.

PRESENT POSITION.

4. In theory, the present position is that Government officials are paid salary and provided with quarters or, where Government quarters are not available, an allowance in lieu; this allowance being reckoned at 15% of salary, with a minimum for Europeans of £75 per annum. It is understood that originally the position was that the official was provided with quarters, as part of his emoluments, and that 15% of his salary was taken from their value for pension purposes.

5. But the practice has grown up of providing quarters, in towns like Nairobi and Mombasa, whether Government houses were available or not, on the ground that it were inequitable to find quarters for one and pay an inadequate allowance to another of equal status; inadequate in that the amount of allowance payable was insufficient, owing to high rentals, to hire similar accommodation to that provided for the former. As a result many junior officials have been "overhoused" in comparison with their house allowance, (and this aspect of the matter will be more fully touched upon hereinafter), and that Government has had to hire, at considerable expense, a large number of privately-owned houses, and is still faced with a considerable shortage.

6. In addition to quarters, furniture is provided on loan free of charge.

7. The question that has to be answered in this connection is: can this state of affairs, with its serious burden on the State, be allowed to continue indefinitely? To answer this necessitates close enquiry into the cost.



THE COST.

8. The cost of providing housing accomodation is heavy for the Colony to bear, and the amount scarcely realised even by those in fairly close touch with affairs.

9. Generally it is probably safe to assert that most people casually pass over the following items in the Estimates and give them scant thought:-

VOTE XXVIII - Public Works - Recurrent.

Rents of offices and houses and house allowance in lieu of quarters.....	33,000
Furniture, upkeep and repair of, for Government bungalows and offices, and purchase of for new buildings.....	1,900
Maintenance and repairs of Public Buildings.....	26,000

As these figures are for offices and dwellings combined the ordinary critic will not grasp their significance regard to housing, and on the face of them they are not of grave importance.

10. If we take the position at Nairobi and estimate as near as possible what it is costing the Govern- ment in cash and value to provide official housing, we can from the figure obtained estimate the figure for the whole Colony taking ~~the~~ Nairobi to be roughly 50% of the whole.

NAIROBI - EUROPEANS ONLY.

Rents paid.....	8,187	per ann.
Occupied Govt. Bungalows - value	£93,278	
" value of land say -	<u>33,300</u>	
Rented value at 12 1/2% of	126,578..	15,822
Sinking fund for replacement @ 2% present value.....	1,866	
forward	25,875	

forward £ 25,875 per annum.

Maintenance - (P.W.D.).....	2,536	"
Depreciation @ 3%.....	2,798	"
Administration (supervision, correspondence, accounting etc., extending directly or indirectly through several departments @ 2%.....	4,800	"
Furniture.....	2,300	"
	<hr/>	
Total value	38,309	
Deduct - Value of House Allowances	16,230	"
	<hr/>	
LOSS	£22,079	"

11. If, therefore, we take the figure of £38,309 as being the total value representing European housing in Nairobi and add to it 50% as representing Asiatic and African housing and double the result, we arrive at the approximate total cost value to the Colony for housing per annum, viz: £114,927. And if from this figure we deduct the total amount of house allowance earned, we obtain a figure of approximately £70,000 representing a dead loss to the state which we should endeavour to repair; but this can only be attempted in the larger centres where permanent townships exist. At outstations the provision of quarters must necessarily be continued.

12. Moreover, it is now proposed to spend on housing the capital sum of.....£586,430.  
of which it is proposed to spend in Nairobi..... 287,500.  
leaving.....£298,800.  
to be expended at Mombasa and other portions of the Colony.

13. As it is proposed first to deal with the position at Nairobi, it is advisable to ascertain what

the additional cost will be for that centre. We may estimate this as follows:-

Interest @ 6% (i.e. 5% net plus 1% charges and administration).....	£17,253
Sinking Fund 2%.....	5,751
Maintenance 1½%.....	4,315
Depreciation 3% (replacement).....	8,626
Administration 2½%.....	7,189
Total annual cost of Nairobi....	<u>43,132.</u>

to which must be added the rental value of the land on which the houses are erected, say 6% of £50,000 -  
£3,000 per annum.

14. Assuming that when this building scheme has been carried through it would <sup>not</sup> be necessary to hire in Nairobi, then there would fall to be deducted from this figure approximately £10,000 (gross) thereby saved, leaving a balance of £36,132.

15. The amount of house allowance, if paid in lieu of quarters, would amount approximately to £17,152, leaving a net loss per annum of £18,980.

16. In addition to the commitments mentioned in the preceding paragraph, provision must be made for paying an additional grant-in-aid to the Nairobi Municipal council in lieu of assessment rates; and in the near future additional heavy capital expenditure will have to be faced, viz: the extension of the water-borne sewerage system to the residential portions of the town, a necessity that cannot be much longer postponed.

17. Two questions arise:-

- (a) Is the Colony in a position to bear this expenditure?
- (b) If it were, would the Government be justified in imposing the burden on the community?

PRESENT HOUSING POLICY.

18. It has been briefly but indubitably shown that the present system is a costly one to the Colony, but in addition to this it gives rise directly and indirectly to quite a number of minor troubles and difficulties; in themselves not very important (except to the individual concerned), but in the mass, of some importance indirectly.

19. Firstly, there is the constant difficulty of trying to house each official according to his grade. Dwellings not having been built with an eye to such a contingency, it is not possible to provide identical houses for officials of identical grade. The frequent result is that first one is overhoused and then the next demands to be housed at least equally as well as the first. Hence the overhousing previously referred to.

20. On rental value against a fair rent according to salary (quite apart from amount of houses allowance) a certain proportion of officials in Nairobi is overhoused. As a simple general guide, the value of the property occupied should be double the annual salary of the occupier; thus the value of the property, including land occupied by an official drawing £500 per annum should be about £1,000; an official drawing £600 - £1,200 and so on. And it will be found that on a reasonable rental basis, the monthly rent of a property is roughly £1 for each £100 in value: thus a property worth £1,000 should be worth a rental of about £10 per month. (But it should be noted that this is about the average - it will be found that the lower the value - the higher the rate, and the higher the value the lower the rate: thus a property valued at £600 will bring in about £7 per month (not £6)

and/

and a property valued at £2,500 about £20 (not £25) per month).

21. Taking this<sup>as</sup>/a rough general guide it will be found that present rents in Nairobi are considerably higher than they should be. The law of supply and demand applies - there is a shortage and consequently the market value is increased. And this will invariably be found to be the case where the Government is in the market as a buyer (hirer).

22. And, paradoxical as it may appear to be, whenever the Government is in the market as a producer (owner) or buyer (hirer), private enterprise declines in more or less equal ratio. As long as it is the policy of the Government to house its officials, which means acquiring or building, so long will private enterprise hold back.

23. Now it naturally follows, that if an official be overhoused, his standard of living is directly raised and this is a very serious matter where the cost of living is comparatively high; he hires more servants than his salary justifies; he endeavours to reach and maintain the same standard of living as his neighbour - who may draw double his salary; he maintains similar motor transport etc., etc., ad lib. This all reacts on the State, for in time he demands and receives additional pay to meet greater outlay; yet he always remains poor because he lives to the limit of his income. Jealousy and dissatisfaction are common factors when such a state of affairs exists and when these characteristics are present, efficiency is impaired.

24. It may be mentioned here that, while necessary for pension purposes, a house allowance based on salary drawn/

drawn is not satisfactory from other points of view. As stated to me and I think it a reasonable view, officials of equal status (grade) should be similarly housed. They are not now because professional and technical officials draw higher salaries than administrative and clerical officials of the same grade and in consequence are afforded better accommodation. Again it is a well known fact that a lower paid employee has to pay out a greater proportion of his salary (wage) in rent than a higher paid employee. In Nairobi, if officials were hiring their own accommodation according to their means, the variation would be approximately between the figures of 33 1/3% and 15%. Thus an official drawing £300 per annum living in a house valued at £600 and paying a rental of £7.10.0. per month would be paying about 30% of his salary in rent; an official drawing £500 per annum (£1000 - £10) about 25%; and one drawing £2,000 (£2500 - £22.10.0) about 14%.

25. An important factor which definitely appreciates the value of private house property in Nairobi is the large amount of land owned by Government. If some of this land were alienated - under restricted conditions of tenure - the present high rental values would tend to depreciate.

26. Another point that may be made at this stage is that the tendency is to build and provide too pretentious dwellings for officials, compared with the salaries drawn. Put in other words junior officials generally are being provided with residences of greater size, architectural pretensions, and area of site, than they could afford to pay rent for if they had to fend for themselves, e.g. the estimated price (vide p.III of Annexure I - page 11 - of the Report on Loan Proposals, 1925) given for a

class/

class IV house is £1,050, exclusive of land; whereas the amount should approximate to £900, inclusive of land. And I believe the latter figure can and should be attained by the adoption of simpler plans. And, again, with the provision of a smaller house and ground the standard of living and cost will be proportionately reduced, and the individual's financial position improved.

27. Owing to the comparatively frequent change of residence, due to absence on furlough, officials are put to some expense in re-furnishing; and little or nothing is done to improve the property, e.g. by the planting of fruit trees, gardens, lawns etc.

FUTURE POLICY AND COLONIAL SETTLEMENT.

28. It seems therefore abundantly clear that the present policy cannot be indefinitely continued. In it seems to me on due consideration of the facts and circumstances hereinbefore mentioned, that the time is ripe for conclusions and recommendations and suggestions will be made accordingly.

29. But before proceeding further under this heading there appears to be a paramount reason why a change of policy should be made without delay: and that is, the desirability - one may, I think, rightly say urgent need - of inducing Civil Servants especially junior officials, to make this Colony their permanent home. In spite of my slight acquaintance with Kenya and its conditions - but with 25 years colonial experience and a general knowledge of the political problems of the day - I feel it my duty to suggest the need for colonial settlement, and that the Government should begin with its servants.

30. From enquiries made, I find that only about

5% of pensioned officials (vide page 235, et seq of the Estimates for 1926) remain as permanent residents of the Colony: the rest are lost to the State, together with their children. Every inducement should be given to Civil Servants to make this their home, not merely as a permanent addition to the population, but because after their long sojourn, their knowledge and experience should be most useful to themselves, to the Colony, and to their children: to themselves because they retire at an age sufficiently young to take up fresh work and interests: to the Colony, because they can still render service in other spheres: and to their children, because, with their knowledge and experience of the country, they should be able to start them well, and advise and guide them, and thus place them in a much more advantageous position than immigrants without knowledge and experience.

31. Further, in this connection, there should be taken into consideration the future form of Government in the Colony. In the not distant future, (assuming continuance of present progress which all hope to maintain), responsible government will be granted and in all probability a British East Africa Federation will sooner or later eventuate. And, knowing this to be the case, it may be taken as a matter of course that the present Administration will endeavour, not only as a matter of duty but also of inclination, to prepare the way for the future regime.

32. The following recommendations are therefore based on all these considerations and are conscientiously made in the hope that they will not only assist in the solving of the immediate housing problem but also help towards the future progress and prosperity of the Colony.



RECOMMENDATIONS

33. I beg, therefore, to recommend:-

- (1) That as from a date to be fixed (say 1st January 1927) all officials taking up first appointments in Kenya from and after such date be
  - (a) required to find their own quarters if stationed in Nairobi or Mombasa;
  - (b) charged a fair rent for furnished quarters if stationed elsewhere.
- (2) That, when the number of officials warrants it, bachelors' quarters be erected at outstations ( and possibly Mombasa) for the accommodation of junior unmarried officials, where they can arrange their own messing, and for which accommodation they will be charged a fair rental. Bars prohibited.
- (3) That residential flats be erected at Nairobi and Mombasa for married junior officials and possibly at Nairobi for unmarried senior officials.
- (4) That to save transport costs the buildings recommended at (3) be erected at Nairobi within walking distance of the site for the projected central offices.
- (5) That while the present shortage of accommodation and high costs of building exist, Customs duties on building material ( especially cement and iron) be suspended for a definite period or from year to year until housing conditions have improved.
- (6) That a scheme be adopted to enable and encourage officials to acquire their own residences.

See  
footnote.

(Note:- Recommendation (1) will, of course, not be applicable to senior officers appointed or transferred to Kenya for specific purposes and under particular terms and conditions of appointment or service)

## HOUSING OF NEW OFFICIALS

34. The adoption of recommendation (1) would necessitate some alteration in the terms and conditions of employment of officials: e.g. the adoption of consolidated rates of pay. But it is suggested further that opportunity be now taken of considering the question of creating a Kenya public service. It is thought that the establishment of such a service would materially assist in regulating conditions under recommendation (6) and that savings might accrue directly or indirectly to both Government and officials. There would fall to be considered under this head questions of :-

- |  |                                    |
|--|------------------------------------|
| (a) Conditions of service.                     | } Public<br>Service<br>Regulations |
| (b) Rates of pay and allowances                |                                    |
| (c) Marriage and Children's allowances         |                                    |
| (d) Leave - local and furlough                 |                                    |
| (e) Passages.                                  |                                    |
| (f) Local seaside and inland pleasure resorts. |                                    |
| (g) Transport.                                 |                                    |

and possibly other items relating to service, salaries, and the cost of living. Moreover, inducements might be found and offered to present officials to transfer from their present conditions of employment to the new conditions to the ultimate advantage of both parties.

35. It is considered that very little hardship would fall on officials by the adoption of recommendation (1) (a) because it is remarkable how quickly conditions right themselves to meet the circumstances. And the situation would be greatly improved if immediate effect were given to recommendation (3).

36. It is hardly necessary to remark that there would be nothing to prevent an official on consolidated

pay from hiring a house in Nairobi or Mombasa from the Government at a fair rent for the property should a property be available for letting. Such rent would be based on the value of the property and have no relation to salary drawn by or grade of the official, and when assessing rents for Government bungalows due regard should be given to the value of the land on which they stand.

37. At outstations officials could not possibly be expected to find quarters for themselves and that will be the position for a great many years to come; but new officials paid at consolidated rates would be charged rent and have the amount deducted monthly through the pay-sheets instead of receiving quarters free. When calculating rent for quarters at outstations due regard and allowance should be made <sup>the extra accommodation provided for</sup> for purposes of hospitality.

#### BACHELORS' QUARTERS.

38. The provision of bachelors' quarters at the larger outstations for single junior officials would be beneficial both to the Government and the individual; to the Government in that capital expenditure on buildings would be reduced and to the individual in that the accommodation available would be within his means.

39. It is suggested that consideration might also be given to the desirability, for other reasons, of erecting quarters for single men in Nairobi and Mombasa, where they could be messed or mess themselves and live under more satisfactory conditions than are sometimes found in hotels and boarding houses.

40. The rent charged for bachelors' quarters would be based on their market value and have no relation to salary/

salary or grade. Their provision would necessitate a small capital outlay but they would bring in a good return; more than sufficient to cover maintenance, depreciation and redemption.

RESIDENTIAL FLATS

41. The present difficult position at Nairobi and Mombasa could be greatly relieved by the immediate erection of residential flats for married junior officials and at Nairobi, say in the neighborhood of the Club, for single senior officials.

42. The provision of flats for married junior officials within reasonable distance of the new Government offices, would prove beneficial to the individual, because he would be enabled to hire at a fair rental accommodation that would approximate to his spending power; and he would save in servants and transport.

43. The advantages that would eventually accrue to both Government and official by bringing about a reduction on the cost of living can be readily appreciated.

TRANSPORT.

44. In a country where motor transport is well-nigh a necessity it might be found possible to accept for Government officials - and the suggestion is here thrown out for future consideration - a standard British car (of varying type, size and power, to meet the needs of the individual) and thereby solve another factor in the cost of living.

BUILDING MATERIALS

45. There is a shortage of building materials  
and

and present normal building operations in the Colony are frequently delayed for want of material. There are scarcely any labour-saving devices in use for the making of bricks and tiles, preparation of stone, mixing of concrete etc.

36. Building costs would be reduced by about 10% if building materials were admitted duty free.

47. In all the circumstances there appears to be a clear case for suspending the Customs duties on building materials until the present shortage of houses is relieved.

#### PRIVATE OWNERSHIP BUILDING SCHEME.

48. There is no serious difficulty in the way of setting up a building scheme for public officials, provided reasonable assistance by the Government is forthcoming at the beginning for the benefit of those who are not possessed of the necessary margin of security to enable them to take up loans on first mortgage.

49. Would Government assistance be justified is a question that might well be answered here. I think that the answer is decidedly in the affirmative, for the following reasons:-

- (a) The State is being relieved of the burden of finding quarters for its new servants in the bigger centres;
- (b) The State will be relieved gradually of the present cost of maintenance in these centres;
- (c) assistance must be given at first so that there need be no delay in setting the scheme in motion in order to bring about immediate relief.

50. The form and the amount of the assistance are the next questions and these are rather more difficult to answer. A properly administered building society could advance with safety up to two-thirds of the normal value of a well-situated, newly-built, town property; a property that, if left on its hands, the society could sell or let without difficulty. I am perfectly satisfied that there is full scope in the Colony for a modern building society and that such a society could play quite a part not only in a scheme for officials, but also in the development of the towns.

51. The amount of assistance that the Government might be called upon to give would therefore be up to 33 1/3% of the value of the property to be purchased or built, including land; according to the need of the prospective purchaser. But I think it has been made clear that it will be in the interests of the State to grant this assistance. There is a slight possibility of loss but although a loss might be occasioned here and there the amount involved would be but a small sum compared with the amount the State will save by the adoption of the policy recommended.

52. The form of assistance that I would suggest for consideration is two-fold, viz:

- (a) the gift of a portion of the value of the land, being Crown land, on which the building is to be erected;
- (b) the loan of the balance required (to make up margin of security) to enable the official to take transfer ~~or~~ <sup>and</sup> take up a mortgage.

53. There are three important reasons why (a)

is/

is recommended. The first is that, as previously indicated, it will be of general benefit in Nairobi if some of the Crown land, suitable for residential purposes were alienated; the second that, as soon as such a scheme as that now proposed becomes known to the public the price of privately owned land will appreciate; and third and not least, that it is more than worth while to give inducements to present, as well as future, officials to become property owners.

54. The amount of such a gift, if the previous suggestion be acted upon, can only be determined arbitrarily and the State must be safeguarded to prevent abuse. I would suggest that the value of the gift be £100 and that it be based on the rate of £10 for each year of service. Thus in the case of an official with more than 10 years service, the gift would be made outright, provided an approved dwelling be erected within a stipulated brief time. In the case of an official with less than 10 years service, the gift would bear a "load" equivalent to the sum of £10 for each year to complete 10 years and in the event of the period of 10 years not being served the balance to be recoverable from any monies falling due to be paid to the individual or his estate.

55. Such a gift becomes justified on the grounds that the State ultimately benefits and an immediate and direct inducement to build is essential to the policy. The offer of this gift should only remain open to acceptance for a limited time.

56. The balance required (vide (b) para 52) - which will have been reduced by £100 if effect be given to suggestion (a) - can be found in two ways; either by

Government/

Government advancing the amount directly or guaranteeing it if found by the society. The real questions to be solved here are:- the rate of interest that should be paid for this advance; the period of the loan; and the method of repayment.

57. A Building Society could not make advances at a lower rate of interest than it has to pay its depositors. It is contemplated that the society will be able to make advances on first mortgage on proper security to officials at a rate not exceeding 8% p.a. In the event of the Government guaranteeing the margin of security (vide previous para. second alternative) the society would be compelled to charge the normal rate of interest for the whole of the loan, i.e. up to 100% of the cost of the property, and this would fall a little hard on the borrower. Consequently and as a further inducement to officials to buy or build, it is recommended that the Government lend the individual the margin required at a rate of interest at as low a rate of interest as possible (In fixing the rate, if any, the Government will need to continue to bear in mind the large amount it will save by the adoption of this policy). And it is further recommended that the amount be recovered by Monthly instalments of capital and interest over a period not exceeding 15 years with the right to the individual to pay the balance owing in full or in part at any time. If these suggestions be adopted the Government will be able to devise satisfactory safeguards for the repayment of the loan.

58. In addition to financing the individual to the extent of the balance of the margin of security (as



one third of the purchase price) the Government would at first have to finance the building society by depositing monies with it as required; not a big lump sum. Subsequently ( and in a very short time if properly organized and encouraged) the society would receive sufficient deposits from private sources as will permit it to repay the Government deposits and carry on independently. The reason why Government would have to assist the society by deposits at first is to enable it to grant loans immediately and thus achieve the object desired. The monies loaned by Government would earn the same amount of interest as monies deposited by private persons. The society could afford to pay interest at 5% p.a. on the monthly balance to savings bank current depositors and from 5% to 6% p.a. on fixed deposits according to period deposited. Little or no expense would therefore fall on the Government by the grant of such assistance to the society.

59. From enquiries made I am of opinion that, with Government recognition, the society contemplated would quickly receive deposits. There is no really active savings bank putting itself out to open savings accounts either for Europeans or Asians and these sources could be counted upon. The modern building society encourages thrift in every way and opens savings accounts for children and other small depositors. I have not had an opportunity of ascertaining how missions invest the monies deposited by Africans in their savings banks but it is possible that a fair amount might be expected from this direction. Incidentally the opening of facilities for deposits at a fair rate of interest may induce some of the amount of savings now sent abroad to remain in the country.

60. In addition to its savings bank (current and fixed deposits) the society would gradually raise funds by the sale of fully-paid (permanent) shares carrying a preferent dividend payable from the profits; and contributing shares earning such dividend year by year as the balance of profit permits, due regard being had to the necessity for creating and building up reserve and contingent funds.

61 Under this heading I would suggest that consideration be given to the making of a compulsory deduction of a monthly sum on a percentage basis from the salaries of all new officials (being one of the conditions of service) for deposit in the building society's savings bank or as subscriptions to contributing shares (as may be decided on by the individual) to be a nucleus towards the purchase of a house. If and when the individual purchased a residence, the amount would be paid out to him and he would then cease to suffer the deduction. If he never purchase, then the whole amount would accrue to him on his retirement or discharge. Such a compulsory saving scheme (just as the additional amount paid above rent in the purchase of a property under a building society scheme) would be of great benefit to the individual. Unless he save under either scheme an official is apt to live up to his income and, before marriage at least, compulsory deductions for his benefit could not be any hardship. Such monies deposited with the society would help to swell the capital for loan purposes.

62. It is possible, and suggested for consideration, that the Post Office Savings Bank might deposit new accumulations with the society and thus earn a higher rate of interest, with assured security, than is at present earned.

63. Two methods of redemption are usually in use by modern building societies and the choice is left to the borrower, viz:- the share system and the annuity system. Under the former, the borrower agrees to subscribe to a number of shares the total ultimate value of which, when matured, is equivalent to the sum borrowed; subscriptions are paid monthly and to them there is added the amount of dividend (share of profit) earned. Under the latter, the borrower pays a certain stated amount monthly, interest and redemption included; the monthly interest being calculated on the balance owing month by month, so that the part applied to interest decreases monthly and that applied to capital redemption increases monthly.

GENERAL OBSERVATIONS.

64. The following notes, more or less relating to the general subject of official housing and the writer's recommendations, are made at this stage in the hope that they may serve a useful purpose; they are made as a result of thoughts and observations while enquiring into the housing question generally and while writing this report.

65. It is contemplated that the Government will sell its own bungalows in Nairobi (other than those required to house specially appointed and short period contract officers) at a valuation and rid itself of the maintenance and administration charges as well as releasing capital for new projects. It is suggested that, generally speaking, where a bungalow stands on a very large site, no more than sufficient land for a normal building site be sold with it. This is mentioned as it was observed that many of the bungalows have sufficient ground for two or more houses and it is better that Government should sell building sites direct to the individual than that the first purchaser/

purchaser should profit by the purchase at a reasonable figure of much more land than he needs and the sale of the remainder at a much enhanced one.

66. The practice of building kitchens away from houses strikes one as being most undesirable; and those visited left a most unpleasant impression. It is thought that if bright, cool kitchens with modern improvements were provided our womenfolk would be able to take an interest in their cooking; and some would benefit in health and spirits by the extra work and interest.

67. Houses for junior and subordinate officials might well be simpler in design and more compact, thus easing housekeeping. It is suggested that consideration might be given to

- (a) cutting down verandahs to porches and using space for other purposes such as
- (b) increasing the size of living rooms
- (c) decreasing the size of sites; (bearing in mind site value for rating purposes.)
- (d) Planting fruit trees

As a matter of fact the official will see to these items when he builds for himself, as he will be a free agent, selecting his own site, architect, plans etc.

68. When considering the question of consolidating salaries the question of encouraging families by the payment of married and children's allowances, instead of increasing house allowance, might well be considered.

69. Medical opinion might be taken on the question of increasing the present tour of service for new officials. Such an enquiry might include the benefits to be derived from local annual leave and the provision of Government hostels and bur allows at a suitable centre for summer vacations/

vacations (such as Sabatia, West Kenia, Limciu, Nanyuki as well as Mombasa for winter. In considering periods of leave, due regard would be given to men stationed in unhealthy and lonely spots.

70. As a further inducement to officials to return to Kenya their permanent home, consideration might be given to the sale to them on easy terms of crown land suitable for intensive cultivation after, say, ten years' service. Provided his official duties were in no way affected, he could begin to develop the property before date for retirement. Final payment for the land might be accelerated or concluded by the commutation of part or whole of pension.

71. Although there are additional factors to be taken into consideration when dealing with the question of housing of Asians, I am generally of the opinion that the principles underlying my recommendations regarding housing of Europeans should be applied to Asians also.

72. The principle difficulty is the comparatively low salary paid to subordinate Asiatic officials. Many of these are not junior in point of age, but hold lowly positions; and most of them are married and have children to support. They claim that the house allowance paid them is insufficient for their needs. On the other hand it may be held that they are paid according to their economic value. That is a problem in itself which I am not asked to solve.

73. The other factors hardly fall within the scope of this enquiry, but they will readily present themselves to the mind and due weight will no doubt be given to them when the matter is under consideration.

74. Firstly, I would recommend that item (1) para 30 be applied to Asians as well as Europeans, i.e., they should be paid fixed consolidated salaries and be required to find their own quarters or, if provided with quarters, be charged rent according to their value.

75. But there appears to be a serious shortage of house accommodation for Asians in Nairobi and, in consequence, high rents are being charged by landlords; and while there is ample scope for private enterprise, building of suitable accommodation is not being undertaken; and, in fact, there is no private enterprise. Assuming there were some, private enterprise here, I would urge that it be not hindered by guaranteed rentals and so forth; such practices only tend/

tend to force up prices and do not help towards a permanent solution of the difficulty.

76. In the circumstances, I would recommend the immediate erection of a few rows of cottages, of a type commensurate with the salaries drawn by the officials for whom they are intended, so that effect may be given to the recommendation contained in paragraph 74. The erection of these cottages would relieve the Asian housing situation in the same way as the proposed flats for Europeans; and, in course of time, their rentals would cover all expenditure.

77. I am given to understand that the Asians in Nairobi, as elsewhere, have a strong inclination to invest in fixed property; and that while the lower paid officials could not undertake the obligations of hire-purchase, a few of the higher paid would probably be glad to avail themselves of a building scheme to enable them to become their own landlords. If similar encouragement and assistance is given in their case, under proper safeguards, the housing shortage for Asians would be still further relieved to the extent of the new building undertaken.

78. It was observed that some Asians were well housed in separate bungalows on large sites but that the ground was totally uncultivated. I consider this type of housing wasteful and feel sure that the rental value of the properties would be considerably out of proportion to the salaries drawn by the officials concerned. It is recommended that the housing of Asians be placed on the same economic basis as is suggested for the housing of Europeans, i.e., ~~that~~ their housing should be commensurate with their salaries.

79. ....

79. The Asian community would, it is understood, be glad of the opportunity of exercising thrift through the agency of a building society; and a progressive society would quickly bring to their notice the advantages to be gained by saving through its medium.

CONCLUSION.

80. Owing to the wide scope of the enquiry and the short time at my disposal I have had to content myself with reporting in general terms and, rather than give too much thought to the literary side, I have endeavoured to be thorough and practical. Some of the recommendations <sup>and suggestions</sup> may be novel and without precedent; but there seems to be no reason why Kenya should not make its own precedents, as must indeed be done when the position is unique.

81. May I be permitted, through this medium, to express my grateful thanks to all those who have been kind enough to give me freely of their thoughts and experience. One and all with whom I have come in contact have helped with information and done their best to further my investigations.

82. And finally, may I express to Your Excellency the hope that this report, in spite of its shortcomings, may be found of much practical value and help to further the Colony's progress.

I have the honour to be,

Your Excellency's most obedient servant,

(Sgd) A.E. BARDEN,  
Inspected Secretary



62

MEMORANDUM ON THE PRESENT POSITION IN  
REGARD TO HOUSING OF GOVERNMENT  
OFFICIALS.

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The shortage of housing in the larger towns of the Colony has raised the cost of living and last year prompted Government, with the approval of the Legislature, to provide loan money to the extent of more than half a million sterling for the erection of more Government owned quarters.

Government is, however, most anxious to avoid such expenditure, and to assist private enterprise in building the necessary houses on reasonable terms. The most important steps to this end are, in its opinion:-

- (1) to <sup>enable</sup> officials so far as possible to build and own their own houses;
- (2) to provide for the erection of such houses by Building Societies of the character which have proved their value in South Africa and elsewhere;
- (3) to stimulate private building enterprise.

With this object in view, Government invited Mr. A. F. Basden, Secretary to one of the Chief Building Societies in South Africa, to visit Kenya and to advise.

Mr. Basden's Report (attached) indicates the belief that there is great scope for one or more Building Societies in the larger towns of this Colony. With this view Government agrees, and in order to encourage their formation declares its readiness to consider assistance on the following lines:-

- (a) in the case of a general Building Society, whether of local origin or from some other part of the British Empire, assistance will be given to the Civil Servant regarding that portion of the capital that is required of the intending

/house-owner

house-owner either by loan at low interest or by means of intending guarantee and by the provision of cheap building-land;

(b) in the case of a Civil Service Building Society, in addition to the above mentioned advantages, part or all of the remaining capital may be advanced temporarily by Government at full interest rates on terms of gradual repayment until the Society has acquired sufficient capital of its own.

It is the hope of Government that the publication of this Report and an announcement of Government's invitation to Societies or individuals interested in building to put forward proposals, the object of which would be the erection of residential accommodation, will bear fruit when it is clear that private enterprise is unable or unwilling to come forward will Government itself undertake further building of this nature in the larger towns. This declaration extends also to the flats and cottages the erection of which by Government Mr. Basden recommends. Urgent though the need for such accommodation is, Government will not undertake it unless the invitation to private enterprise to do so fails.

Several proposals have already been received from private individuals, and have been referred to a Committee under the Chairmanship of the Acting Treasurer. Further proposals or enquiries should be addressed to that office.

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