



ONU-HABITAT

United Nations Human Settlements Programme
Regional Office for Latin America and the Caribbean

Financing Low Income Housing in Central America

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Stockholm
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Some Latin American Facts

People that live in cities

80%

Housing Improvement

26 millions

New Housing

28 millions

Inhabitants in slums

128 millions

Result: Urbanization of poverty

Housing Alternatives

Option	Actors	Outcomes	Impact	Observations
a	National and Local Governments and Housing Institutes	Housing Complexes, services and infrastructure. Connectivity to the city.	Met demand between 3 & 5 x minimum wage salary	Did not meet the total demand and the housing institutes have been undercapitalized Acceptable housing quality.
b	NGOs + Communities	Neighborhoods	Meets demand between 1 & 3 x minimum wage salaries	Small interventions: small numbers good quality.
c	Banks + Developers	Big developments	Meets the demand above 3 minimum wage salaries	Big interventions poor quality, no connectivity to city nor services. Slums of the future

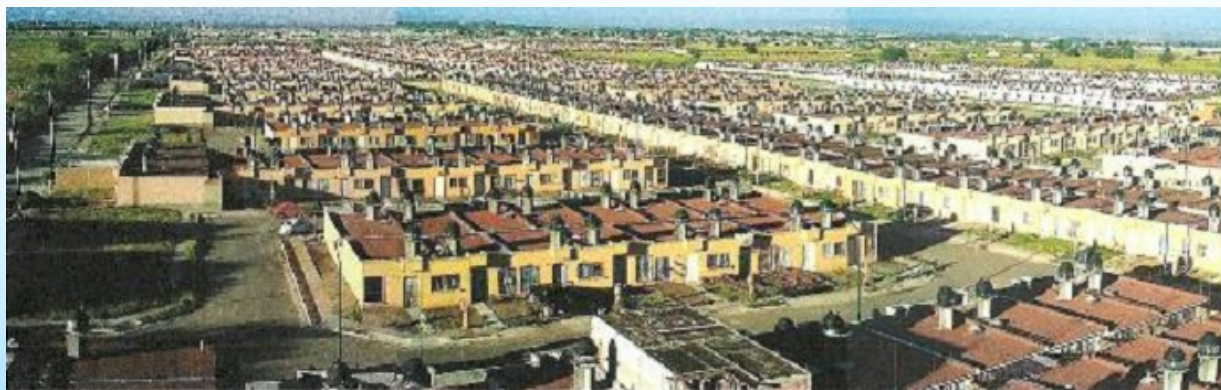
60 % of housing by self-construction

City of Leon, Mexico



Ciudad de León, Guanajuato. México.

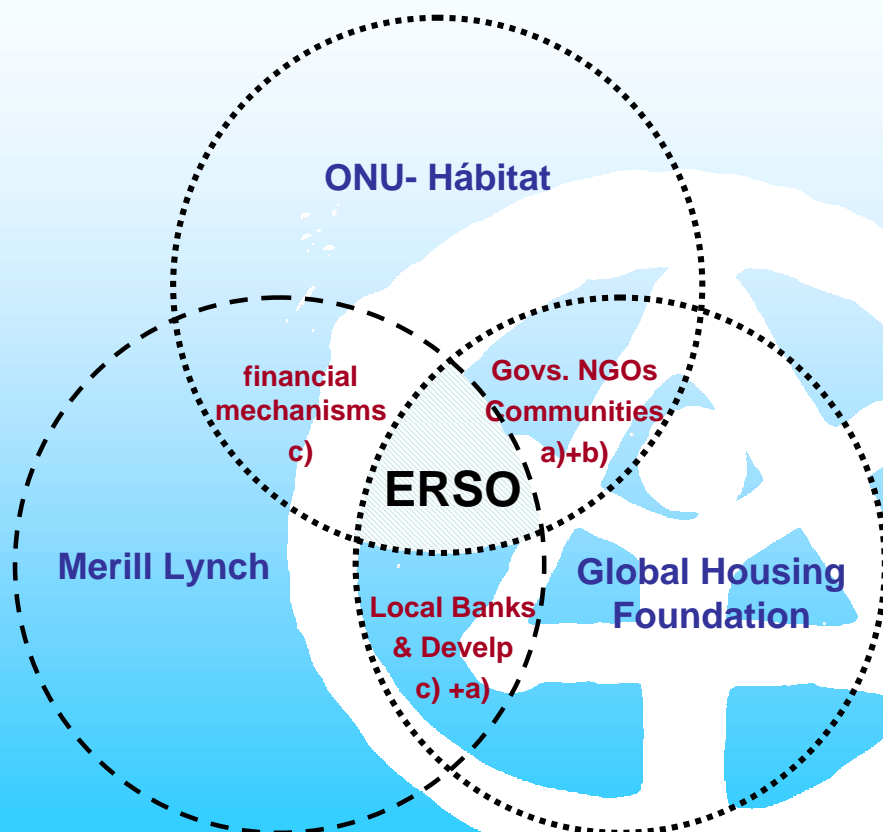
The New Housing Schemes



Vivienda en León, Guanajuato. México.

Experimenting with actors

Option	Actors
a	National and Local Governments and Housing Institutes
b	NGOs + Communities
c	Banks + Developers



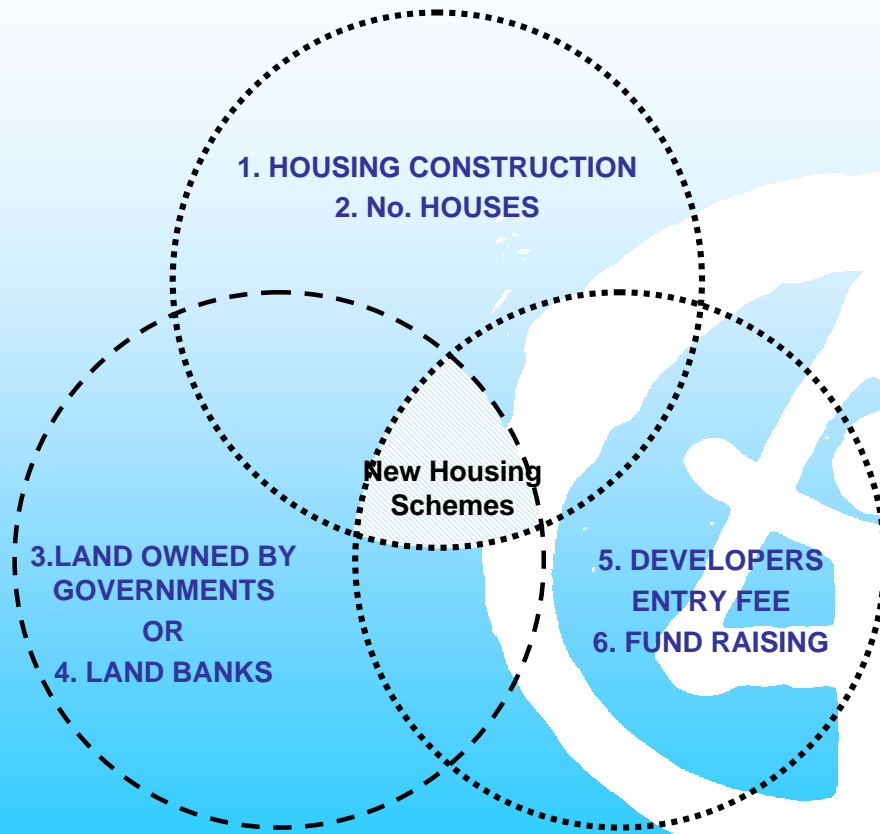
Financial arrangements for the project

Concept		Year 1	Year 2	Year 3	Totals
No. of credits		1,000	2,000	5,000	8,000
Unit cost of housing solution		10,000	10,000	10,000	(NA)
	House	3,000	3,000	3,000	(NA)
	Land	5,000	5,000	5,000	(NA)
	Infrastructure	2,000	2,000	2,000	(NA)
Total Credit		10,000,000	20,000,000	50,000,000	80,000,000
Grant to Developers		5,000,000	10,000,000	25,000,000	40,000,000
80%	Purchase by ML	4,000,000	8,000,000	20,000,000	32,000,000
20%	UN-Habitat	1,000,000	2,000,000	5,000,000	8,000,000
	INVUR *	5,000,000	10,000,000	25,000,000	40,000,000
50%	ERSO % of credit	500,000	400,000	1,000,000	1,900,000
16%	Developer entry fee to UN-Habitat & GHF 160 usd/house	160,000	320,000	800,000	1,280,000
	Acumulated	-	1,000,000	2,000,000	(NA)
34%	Fund raising (others)	340,000	280,000	1,200,000	(NA)
100%	UN-Habitat / GHF	1,000,000	2,000,000	5,000,000	(NA)

Possible changing variables
* National Land Bank

Explanations

No. of credits	Number of low-income credits issued by national banks and serviced for 11 month prior to purchase by Merrill Lynch.
Total Mortgage package	Total value of mortgages of wich 80% will be purchased by Merrill Lynch after 11 months of exemplary service of credits.
80% Purchased by Merrill Lynch	Total value of purchase by Merrill Lynch of 80% of qualifying mortgages from National Banks for securitization.
1 to 4 Trust fund UN-Habitat and Merrill Lynch	The Portion of funds provided for financial mechanisms to leverage domestic capital for low income by UN-Habitat at a proportion of 1 to 4 of the invested funds of Merrill Lynch. These funds are deposited in Merrill Lynch.
Income USD 160/per house	An entry fee service of USD 160 per house paid by developer is captured and deposited in the Trust Fund for the following year.
Trust fund UN-Habitat	The second and third year the UN-Habitat trust fund deposits adds to the funds from the year before.
Total raised UN-Habitat	Sum of the two sources above plus the value of the land if provided by Local Govnts
UN-Habitat /ERSO contribution	Seed capital provided by UN - Habitat /ERSO Its % will be dimished each year although increments with the No. of houses built
To be raised GHF /ML /UN-Habitat	Funds to be raise by Global Housing Foundation, Merrill Lynch and UN-Habitat to complement the balance in the Trust Fund
Interes in Trust fund for TA	Interes and dividens generated by the trust fund in Merrill Lynch to fund Tecnichal Assistance on the ground



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