

I. PROJECT IDENTIFICATION

23 p.

<p>1. PROJECT TITLE</p> <p style="text-align: center; font-size: 1.2em;"><b>COOPERATIVE APPROACHES TO LOW INCOME HOUSING</b></p>	<p>APPENDIX ATTACHED</p> <p><input checked="" type="checkbox"/> YES    <input type="checkbox"/> NO</p> <p>PROJECT NO. (M.O. 1095.2)</p> <p><b>39815-890-099</b></p>
<p>3. RECIPIENT (specify)</p> <p><input type="checkbox"/> COUNTRY _____</p> <p><input checked="" type="checkbox"/> REGIONAL <u>LA</u>    <input type="checkbox"/> INTERREGIONAL _____</p>	<p>4. LIFE OF PROJECT</p> <p>BEGINS FY <u>62</u></p> <p>ENDS FY <u>75</u></p>
<p>5. SUBMISSION/ ORIGINAL DATE <u>11-9-72</u></p> <p>REV. NO. _____ DATE _____</p> <p>CONTR./PASA NO. _____</p>	

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US _____ (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY	
											(A) JOINT	(B) BUDGET
1. PRIOR THRU ACTUAL FY	1775											
2. OPRI 73	206	153	50	---	--	16	37			206		
3. BUDGET FY 74	206	153	50	---	--	16	37			206		
4. BUDGET +1 FY												
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	2187											

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

<p>1. DRAFTER</p> <p><i>Harold Robinson</i></p> <p><b>Harold Robinson - LA/DR</b></p>	<p>TITLE</p> <p> </p>	<p>DATE</p> <p><b>11/9/72</b></p>
<p>2. CLEARANCE OFFICER</p> <p><i>Stanley I. Grand</i></p> <p><b>Stanley I. Grand - LA/DR</b></p>	<p>TITLE</p> <p><b>Assistant Director - LA/DR</b></p>	<p>DATE</p> <p> </p>

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

The PROP is approved through FY 1974. This year's funding will provide funds only until March 31, 1974. During FY 1974, an evaluation will help determine whether to provide further funding.

2. CLEARANCES					
BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE
LA/DR	<i>Frank B. Kimball</i>		LA/GC	<i>R. Veré</i>	3/2/73
LA/DP	<i>LAWRENCE HARRISON</i>	5/22	LA/OPNS	<i>C. Uychara</i>	5/2/73
LA/DR	<i>William Mann, Jr.</i>	2/9/73			
3. APPROVAL AAS OR OFFICE DIRECTORS			4. APPROVAL AID (See M.O. 1025.1 VI C)		
SIGNATURE		DATE	SIGNATURE		DATE
<i>William Mann, Jr.</i>		5/2/73			
TITLE			ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT		
<b>DEPUTY U. S. COORDINATOR</b>					

A. Statement of Goal

1) Goal:

To provide minimum shelter for very low income families .

2) Measures of Goal Achievement:

An increase in production of minimum shelter for families of low income. (Since the results of this project will not be appreciable for some time, measurement of Goal - as distinguished from Purpose - will not be practical during the life of the project.)

3) Means of Verification:

- a. USAID reports.
- b. Contractor (FCH) reports.

4) Assumption about Goal Achievement:

- a. That local governments and the private sector in Latin America and the Caribbean are interested in trying new approaches, including minimum shelter, as an alternative to traditional housing programs.
- b. That TSOs can be oriented toward minimum shelter.
- c. That local interest will result in local public and private financial investment to support the minimum shelter approach.

B. Statement of Purpose:

1) Purpose:

Through demonstration utilizing the steps outlined on page 8 and a backstopping of Mission initiated requests for the types of services outlined on pages 7 and 9, and using the kind of cooperative approaches described in Annex II:

- a. To shift government housing institutions away from the traditional approach to housing to a new minimum shelter approach and to improve their administrative capabilities and efficiency therein.
- b. To increase private sector participation in the development of self liquidating minimum shelter programs using primarily TSOs and other non-profit institutions for promotion and development.
- c. To encourage a redirection of local public and private financial resources from upper and middle income housing to providing minimum shelter for the very low income families.
- d. To develop institutions with a continuing capacity to promote, organize and implement minimum shelter programs for families of low income.

2) End of Project Status:

a. Local or regional institutions capable of carrying on programs of minimum shelter with a decreasing external technical assistance.

b. Completion of probably two minimum shelter demonstration projects using cooperative self-help techniques as further outlined in Annex II. The number and countries will depend upon available manpower and the results of intensive feasibility studies to be undertaken in receptive countries such as Bolivia, El Salvador, Ecuador, Guatemala, Honduras, Panama, Peru and Caribbean wherein earlier FCH studies have indicated an interest and the existence of an institutional base or ability to create an institutional base. The actual initiation of such demonstration projects will also depend on reasonable assurance of funding from such possible public sources as AID, the World Bank, Inter-American Foundation, Inter-American Development Bank, or host government, or from private sources, or a combination thereof.

c. Information and experience on which to base a redirection of local public and private resources from middle level to minimum shelter for low income families.

3) Means of Verification:

- a. Reports of sponsors of demonstration projects.
- b. USAID reports.
- c. Contractor (FCH) reports.
- d. FAF

4) Basic Assumptions for Achievement of Purpose:

a. That AID will grant fund regional technical assistance from the contractor (FCH, Foundation for Cooperative Housing).

b. That development funds will be made available from some source for demonstrating the minimum shelter approach in the above countries.

c. That local decision makers, (government officials and private housing finance sources) will appreciate the merits of the minimum shelter approach vs. the traditional approach, and, therefore, re-direct local resources to a lower level.

C. Statement of Project Outputs

1) Outputs

- a. Criteria for minimum shelter projects.

b. Three Regional and five or six country training seminars on the minimum shelter approach.

2) Output Indicators:

- a. Formulation of definitions and criteria.
- b. Completion of seminars and training.

3) Means of Verification:

- a. USAID reports.
- b. FCH reports.
- c. AID/W reviews.

4) Assumptions for Achieving Outputs

D. Inputs:

1) Inputs:

- a. AID grant funds for continuation of Task Order #3 with FCH.

FY 1973	\$206,000
FY 1974	206,000

- b. Mission Task Orders.

2) Implementation Target

<u>FY 73</u>	<u>mm</u>	<u>74</u>	<u>mm</u>
\$206	50	\$206	50

3) Means of Verification

AID/W disbursement records.  
FCH report

4) Assumption for achieving Inputs

- a. That funds for T. O. #3 are made available.

A. RATIONALE

1) Background

a. LA Task Force Recommendation

A housing crisis exists in Latin America which is adversely affecting the social/political and economic development of many countries. A major cause of this urban crisis is the unprecedented growth of urban populations at a time when jobs, schools, housing and community services cannot be provided in sufficient quantity to meet the demand.

Population in Latin America will more than double in the next thirty years and will exceed 650 million by the year 2000. The birth rate is the highest in the world (over 3% per year) and the cities are growing at the astonishing rate of 7% per year. The squatter areas surrounding most large urban areas will double during the next ten years. In some countries almost 50% of this total population are now living in slums and squatter areas. Cooperative self-help housing programs can cause far-reaching social/political and economic, benefits and help meet this crisis.

The Congress has recognized this problem. The Foreign Assistance Act includes support of home ownership and decent housing as a major U.S. Foreign Objective, and has specifically directed the use of housing cooperatives as a means of achieving this objective. Title IX of the Foreign Assistance Act also recognized the need for U.S. support of democratically controlled institutions such as housing cooperatives, in developing countries. This Congressional policy is reiterated as AID policy in Manual Order 1612.83.1.

In December, 1971, an LA Task Force recommended continuation of the cooperative housing program utilizing FCH Services, sponsored and developed by private cooperative groups but revised to focus on housing for the lowest income groups for whom home ownership is feasible. It concluded that "future cooperative housing programs should focus rigorously on the lowest income groups for which home ownership is feasible." and that the Cooperative Technique may be particularly applicable for urban development programs designed to "upgrade squatter communities, develop site and service projects and build self-help housing and community facilities".

The LA Task Force suggested that FCH be requested to develop a more detailed analysis for working through Fch developed TSOs to reach low income families. Pursuant to that request, FCH was provided grant funds with which it made supplemental studies in Bolivia, Ecuador, El Salvador, British Honduras, Panama, Peru and developed a two volume study entitled "Cooperative Housing and the Minimum Shelter Approach in Latin America."

Based upon its studies, FCH recommended that AID loans and grants be limited to low cost housing exclusively, that AID should support TSOs oriented toward low income housing, and that there should be increasing support for low income housing through the private sector and a decreasing use of the public sector. Mission response to the FCH study has been mixed but the preponderance of the responses recommend continuance of the FCH Regional Task Order. The major disagreement by the Missions with the FCH

recommendation is in the limiting of AID grant and loan assistance to low cost housing, exclusively. The Missions prefer a more flexible approach.

b. The Contractor

FCH (Foundation for Cooperative Housing) is the largest private non-profit U.S. sponsor of cooperative housing. Over the last twelve years, FCH's International Office has developed an expertise in Latin America, Africa and Asia. Its staff is largely bi-lingual in English and Spanish and has cooperative, financial, architectural capabilities and programming capabilities. Regionally funded AID-FCH Task Order #3 provides AID with a centralized source of expertise located in the FCH Washington office which is available to AID on call. It helps FCH (a) maintain liaison with the Latin American Bureau and AID Missions in the planning and implementation of cooperative housing programs and the development of other types of community housing organizations; (b) integrate its program with the overall AID housing and urban development programs in Latin America and (c) provide centralized administrative and technical backup to the FCH field staff in Latin America.

c. Past Action

With AID support, FCH had concentrated technical assistance efforts on three basic **activities**: cooperative housing institution building, training, and demonstration cooperation housing projects. Grant funds have supported the training activities and AID development loan funds and Investment Guaranty funds have been made available for demonstration projects. Through this approach, progress has been made in the development of self-sustaining programs providing home ownership.

FCH efforts have produced the following results: The establishment and strengthening of private non-profit cooperative housing technical services organizations (TSOs) in Brazil, Chile, Colombia, Panama, Honduras, Venezuela and Jamaica; the construction of demonstration cooperative housing projects in urban and rural areas supported by AID grants and loans, in Brazil, Colombia, Guatemala, Panama and Honduras; training of Latin American technicians and leaders in cooperative housing techniques; special studies on financial and legal aspects of housing which in turn have resulted in new laws and procedures affecting housing for low income groups; organization and development of democratically controlled home owners association which incorporate much of the principles of the cooperatives and which are responsive to Title IX of the FAA.

2) Nature of the Project

Every country of Latin America has a housing agency sponsoring and developing housing for sale. Because of the pressures for middle income housing, misconceived ideas about the ability of low income families to afford housing, and the greater ease of dealing in middle income housing, these agencies have tended to use public funds for middle income housing. One of the objectives of this project is to demonstrate that lower income housing is feasible and that public funds available for housing

should be used for that purpose, preferably through assistance to private non-profit sponsors.

Similarly, the TSOs and cooperative housing programs have been oriented toward middle income families. This led the IA Task Force to conclude that insufficient priority had been given to low income groups. This conclusion is in keeping generally with the more recent thinking in AID and the international agencies that more emphasis ~~should~~ be given to "sites and services" and "core" and "shell" house programs. The Task Force urged that the FCH program be continued but focused more explicitly on low income families. As a result, the program has been revised in the manner indicated below.

This project will entail a shift from the former approach of support for traditional housing through the public housing agencies to government emphasis on minimum shelter, preferably in support of private, non-profit organizations in that effort. It will take into consideration land tenure, job training, credit and self-help using the cooperative approach and cooperative TSOs as a catalyst. The goal will be, on the one hand, minimum shelter for the very low income groups, and, on the other hand, assurances of an ability of those income groups to meet their financial obligations so that the institutions will not be decapitalized.

The TSOs already created with FCH assistance, but which have been serving the middle income families, will be re-oriented toward housing for low income families and new TSOs will be created in other countries for a similar purpose. "Sites and services" or "shell" or "core" housing programs will be developed having a combination of the following components:

- a. Design for expansion.
- b. Credit services to accumulate savings for use in small short-term loans for land utilities.
- c. The use of the single mortgage concept to deter land speculation and improve collections and maintenance and,
- d. Use of the private sector.

"Sites and services", "core" and "shell" housing are terms of art which have a definite meaning in international housing. They were the form of housing assistance on which AID's predecessor agencies (ICA, FOA & ICA) and the United Nations concentrated twenty years ago and are the newly revived emphasis of the international agencies. Basically, these terms refer to "shelter", as distinguished from conventionally designed and built housing, aimed at the lowest income groups who cannot afford the monthly debt service charges for even minimum conventional housing but can afford some urbanized land, or

one step above urbanized land, urbanized land with a sanitary unit or outer shell which can be expanded and improved upon as incomes warrant at the time. It is not intended that all AID's housing assistance be limited to this form of housing but that FCH's activities focus on that kind of shelter, using the cooperative approaches which are a concomitant of such shelter, such as self help construction techniques.

### 3) Implementation Plan

In accomplishing the above, FCH will pursue the following:

Specifically, FCH will assist TSOs and other non-profit organizations in the various stages of development and implementation of demonstration projects from the (1) project conception stage and preparation and submission of applications to potential lenders for capital assistance through (2) land assembly, (3) urbanization, (4) "shelter" design, (5) market studies, (6) organization of potential occupants into cooperatives or cooperative like bodies, (7) creation of credit institutions to help fund improvement loans, and (8) aided self help construction techniques (9) to techniques for assuring proper collection and maintenance and debt service collection, along with the provision and maintenance of the community facilities and services necessary to such programs.

In some countries this may mean full fledged new project developments; in others, the "project" will be in the form of an upgrading of existing marginal settlements to demonstrate that approach. In still other instances, the "project" may consist of an upgrading of government efforts in government sponsored undertakings.

In carrying out this function, FCH will provide a variety of services (all directed toward improving the shelter conditions of the very low income groups) including the following specific actions:

#### a. Training

Conduct training seminars and workshops on use of the cooperative approach for production of housing for the low income family: regional workshops in Latin America and the Caribbean; regional seminars, in cooperation where possible with OAS, IDB, and IBRD, focusing on cooperative housing techniques for squatter areas and rural housing; and short-term, in-country training seminars. Production of cooperative housing publications and training materials geared to use of cooperative techniques in production of low-cost housing.

#### b. Credit Institutions

Help in the establishment of cooperative savings and credit institutions to help low-income families accumulate downpayments and, to create a source of credit for small loans for shelter as a follow-up to sites and services and for the expansion and improvement of "core" and "shell" housing.

c. Community Organizations

Help develop home owners associations and other forms of management type housing cooperative associations.

d. Conversion to Cooperatives

Assist in the conversion of government-owned, low-income rental housing to private cooperative ownership, to help Government Housing Agencies avoid decapitalization due to the present poor ~~recapitalization~~ situation by occupants of AID and IDB funded housing projects.

e. Squatter Problems and Cooperative Techniques

Encourage new plans and new approaches to the squatter problem including use of cooperative housing techniques and building materials production cooperatives as part of AID supported community improvement projects.

f. Collection Techniques and Improved Administration

Develop better collection techniques by government housing institutions.

Financial resources exist in many Latin American countries for private sector, upper and middle income housing. Some of this money could be made available for lower income housing if the local financial institutions could be assured that the lower income families would repay their mortgage loans. Unfortunately, the repayment record for lower income families in government-sponsored housing projects is not good. An important contribution that housing cooperatives can make in Latin America is to demonstrate their effectiveness in recuperation and maintenance of completed projects.

4) Assumptions

It is assumed that a public and private interest ~~exists~~ in the cooperative approach sufficient to induce government to support housing cooperatives with any necessary legislation and contributions, that families of low income will participate, and that private enterprise in the form of developers, builders and financing institutions will make their contribution..

5) Inputs

The major input would be a regionally funded grant Task Order with FCH. As noted, over the last ten years, AID has regionally funded FCH services in Latin America. In the past, fourteen Mission countries have provided grants for FCH services within their respective countries, including resident FCH personnel. ~~Through FCH Task Order No. 13, FCH~~ effect has made, and would continue to make, available its Latin American

Program Director, Development Officer, Field Instructor, Publications Chief and short term consultants as well as the backup expertise of its domestic staff. Country inputs will consist of the manpower of TSOs already established, savings generated by housing cooperatives, and as yet undetermined host country contributions to physical projects.

Realistically, during the life of the project, the most that can be accomplished to change the TSOs orientation is FCH persuasion and completion of possibly two projects to demonstrate feasibility. Presently, the TSOs are mixed in their reaction to low income housing. Fundavico in Panama has shown some resistance, except for rural housing, because it fears the cost of administration will be too great, as opposed to developing middle income housing. Jamaica and El Salvador, on the other hand, are negotiating for World Bank loans for "sites and services" and the Jamaica TSO has received an IAF grant tied to low income housing. The acceptance by Intervico, the Latin American Association of TSOs, of an IAF grant for the sponsorship of low income housing is, itself, indication of a change of attitude of its member TSOs. Those TSOs which have some reservations about low income projects base their reservations on the experience of the public agencies rather than their own. Through demonstration and seminars, it is hoped and believed that that attitude will change.

It is not expected that during the two year life of the project Government housing agencies will make a dramatic shift to minimum shelter, nor that there will be a complete shift thereafter. However, sufficient experience exists as a result of the past ten years to indicate that there is sympathy for low income needs in some Government agencies and a willingness to deal at that level given two factors: (1) home financing for middle income families from other sources to relieve the pressure for the use of public funds for middle income housing, and (2) a showing that the experience with IDB loans can be avoided, through the demonstration projects and additional seminars such as those conducted by the U.N. and AID in the past. Savings and loan systems now in operation should take off some of this "heat" for using public funds for middle income financing. The demonstration projects should show that the administrative and collection problems of the IDB financed projects can be avoided. The actual test will be evident in the years following the completion of the project, not during the life of the project or immediately thereafter and will be judged by the degree to which host country budgets reflect such a shift in assistance.

Private and public banking institutions have resources which could be directed to low income families through governmental action. Chile, Colombia, Mexico, Brazil, Dominican Republic, etc., have enacted legislation requiring compulsory investment in housing. If these Governments could be convinced of the feasibility of low income housing through private, non-profit institutions, they might be receptive to legislation action which could result in some decision for that purpose. It is also hoped, and only time will tell, that, as a result of the demonstration of viability, private banks on their own, through a sense of self interest or public purpose will be willing to make some loans to low income housing programs, despite the greater attractiveness of higher returns on other lending.

NARRATIVE STATEMENT: GOAL	MEASURES OF GOAL ACHIEVEMENT	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>To provide minimum shelter for very low income families.</p>	<p>An increase in production of minimum shelter for families of low income. (Since the results of this project will not be appreciable for some time, measurement of Goal - as distinguished from Purpose - will not be practical during the life of the project.</p>	<p>a. USAID reports. b. Contractor (FCH) reports.</p>	<p>a. That local governments and private sector in Latin America and the Caribbean are interested in trying new approaches, including minimum shelter, as an alternative to traditional housing programs.</p> <p>b. That TSOs can be oriented toward minimum shelter.</p> <p>c. That local interest will result in local public and private financial investment to support the minimum shelter approach.</p>

NARRATIVE STATEMENT: PURPOSE	END OF PROJECT STATUS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>a. To shift government housing away from the traditional approach to housing of a new minimum shelter approach and to improve their administrative capabilities and efficiency therein.</p> <p>b. To encourage increased private sector participation in the development of self liquidating shelter programs using primarily TSOs and other non-profit institutions for promotion and development.</p> <p>c. To encourage a redirection of local public and private financial resources from upper and middle income housing to providing minimum shelter for the very low income families.</p> <p>d. To develop institutions with a continuing capacity to promote, organize and implement minimum shelter programs for families of low income.</p>	<p>a. Local or regional institutions capable of carrying on programs of minimum shelter with a decreasing external technical assistance.</p> <p>b. Completion of probably two minimum shelter demonstration projects using cooperative self-help techniques, the number depending on available manpower and results of further feasibility studies and reasonable assurances of financial support.</p> <p>c. Information and experience gained from demonstration projects on which to base a redirection of local public and private resources from middle level to minimum level shelter for low income families.</p>	<p>a. Reports of sponsors of demonstration projects.</p> <p>b. USAID reports.</p> <p>c. Contractor (FCH) reports.</p> <p>d. PAR.</p>	<p>a. That AID will grant fund regional technical assistance from the contractor (FCH, Foundation for Cooperative Housing) to assist in carrying out programs.</p> <p>b. That development funds will be made available from some source for demonstrating the minimum shelter approach in the above countries.</p> <p>c. That local decision makers, (Government officials and private housing finance sources) will appreciate the merits of the minimum shelter approach vs. the traditional approach, and, therefore, re-direct local resources to a lower level.</p>

OUTPUTS	OUTPUT INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>a. Criteria for minimum shelter projects.</p> <p>b. Three Regional and five or six country training seminars on the minimum shelter approach.</p>	<p>a. Formulation of definitions and criteria.</p> <p>b. Completion of seminar and training.</p>	<p>a. USAID reports.</p> <p>b. FCH reports.</p> <p>c. AID/W reviews.</p>	<p>a. Same as for purpose</p>

INPUTS	IMPLEMENTATION TARGET	MEANS OF VERIFICATION	ASSUMPTION
a. AID grant funds. FY 73 - \$206,000 FY 74 - \$206,000	a. <u>FY 73</u> \$206,000 mm 50	a. AID records. b. FCH records.	a. That AID funds are made available for Task Order No. 3
b. Mission Task Orders.	b. <u>FY 74</u> \$206,000 mm 50		

1. FCH Recommendations:

FCH has submitted the following recommendations to AID with regard to a low income housing program and the use of cooperative approaches for Latin America and the Caribbean. These have not yet been evaluated by AID.

1. Revised AID Housing Policy: AID should draft a revised housing policy for its Latin American Bureau that limits development loan and grant assistance to low-income housing exclusively.

2. Minimum Shelter Approach: AID loans and grants for housing in Latin America should be made in support of the minimum shelter approach and AID should discourage requests for loans to continue the traditional approach to housing.

3. Increased Private Sector Housing Effort: AID should greatly increase its support for private sector activities in the low-cost housing field and proportionately decrease their support of public sector, government-sponsored housing projects.

4. Support and redefinition of the TSO: AID should continue their support of technical service organizations while at the same time encouraging them to expand their role as advocates of the minimum shelter approach and expeditors of housing for low income families.

5. New Regional Channels for AID Housing Loans: AID should consider possible new channels for development loan housing programs in Latin America to help the private sector do more in the field of low-cost housing.

6. Country Loan Programs: FCH recommends AID loan support for very low-income private sector housing activities in the following countries: Guatemala, El Salvador, British Honduras, Bolivia, Honduras and Ecuador.

7. Regional Technical Assistance: FCH recommends continued AID support of a regional approach in providing technical assistance in cooperative housing and low cost housing.

Implementation of this basic approach would require: a) continuing country surveys to determine the feasibility of developing self-sustaining cooperative housing programs in particular countries; b) training of local housing and cooperative officials and technicians; c) demonstration projects to show that the private cooperative approach produces savings resulting in lower costs and better maintenance, and that through proper selection, education, and the use of democratic control, low income families can and will repay mortgage loans.

February 5, 1973

FCH  
PROPOSED BUDGET  
FCH TASK ORDER #3  
4/1/73 - 3/31/74

<u>I. Salaries</u>	\$	
a) Director, L.A. Programs	29,500	
b) Training Officer	24,000	
c) Regional Coop Housing Specialist	18,000	
d) Field Instructor	20,000	
e) Chief, Publications (7 mos.)	11,000	
f) Short-Term Specialists (7 mos.)	13,000	
g) Secretary, Training Office	8,500	
h) Bi-lingual Secretary	<u>9,900</u>	133,900
II. <u>Overhead</u> - (52.91% Salaries)		70,846
III. <u>Transportation &amp; Allowances</u>		
A) 1) Housing Field Instructor	4,000	
2) 1 RP Washington/Uruguay	723	
3) Per diem Montevideo, 7 days at \$15	105	
4) 1 RP Washington/Bolivia	867	
5) Per diem La Paz, 14 days at \$26	364	
6) 2 RP Washington/Lima at 545	1,090	
7) Per diem Lima, 14 days at \$28	392	
8) 1 RP Washington/Ecuador	429	
9) Per diem Quito, 14 days at \$22	308	
10) 1 RP Washington/Colombia	391	
11) Per diem Bogota, 7 days at \$20	140	
12) 4 RP Wash/Venezuela (Staff Meeting) at 363	1,452	
13) Per diem Caracas, 28 days at \$29	812	
14) 3 RP Wash/Jamaica at 259	777	
15) Per diem Kingston, 45 days at \$35	1,575	
16) 2 RP Wash/Guatemala at 321	642	
17) Per diem Guatemala City, 14 days at \$25	350	
18) 1 RP Wash/Honduras	329	
19) Per diem Tegucigalpa, 14 days at \$30	420	
20) 1 RP Wash/Panama	353	
21) Per diem Panama, 14 days at \$30	420	
22) 2 RP Wash/ El Salvador	658	
23) Per diem El Salvador, 21 days at \$27	<u>567</u>	17,164



Work Plan for Implementation of Demonstration Minimum Shelter Project

I. General:

During the past year FCH prepared a 2-volume study under T. O. #3; "Cooperative Housing and the Minimum Shelter Approach in Latin America" at the request of AID. The study recommends a new minimum shelter approach to produce housing for very low income families in Latin America and identifies several countries where potential exists for construction of demonstration projects.

During 1973 FCH will be requested to assist in developing demonstration projects to carry out the purposes of this activity.

The first step will be to identify the countries where work can begin. This will be done by follow-up visits to those countries already surveyed in the FCH study where USAID missions and local organizations have expressed interest and support for the minimum shelter approach. Since programs and projects have a tendency to fall by the wayside for ~~extraneous~~ reasons (changes in Government, disasters, changes in order of priority), it is necessary to go forward in more than 1 or 2 countries. There is, moreover, merit in comparative demonstrations. This may necessitate 5 or 6 demonstration efforts.

FCH will prepare detailed plans for review by AID and local organizations leading to commitments on the key issues of financing and land, and identifying local organizations for actual construction and administration of the demonstration projects.

When the project implementation plans have been approved, FCH will assist the local implementing organizations (Technical Service Organization or similar organization) to carry out the project. A step by step program is outlined in Annex No. II.

II. Personnel:

The FCH professional staff funded by T. O. #3 will consist of:

Director Latin American Programs.  
Training Director  
Field Instructor  
Regional Cooperative Housing Architect  
Publications Chief (1/2 salary on T.O. #3)

### III. Regional Training Workshops:

The feasibility of developing minimum shelter demonstration projects depends on acceptance of the concept by local officials and technicians in public and private sector housing organizations. They are accustomed to developing housing through the traditional approach which produces "standard" housing units which are too expensive for most of their population. It is important that the key people involved in both policy and implementation understand the techniques and objectives of the minimum shelter approach before construction begins. For this reason FCH will be required to produce publications and visual aids, and to conduct workshops and seminars explaining the new approach. FCH will involve Latin America housing and community development experts as well as its own staff in carrying out these training activities.

### IV. Program Evaluation:

FCH will establish procedures to ~~evaluate~~ evaluate the work of the local TSOs in development of the demonstration projects so that adjustment can be made while work is in progress, to prepare a base for final evaluation after project completion, and to facilitate that transfer of the minimum shelter concept to other countries.

The purpose of the demonstration projects is to encourage a re-direction of resources, both local and external, from middle and upper income housing to minimum housing, for low income families.

The major impediments to financing for low income families have been the doubt about the ability to obtain local acceptance of minimum shelter, by governments and by prospective occupants, the record of non-payment in low income projects built by government wherein Government continues as the creditor, the lack of maintenance and consequent aesthetic and financial deterioration of dwellings, the preference for dealing with income groups of a higher cultural level, doubts about the administrative and management capabilities of low income people, and the ability to receive higher returns on the investment from other undertakings. The demonstration projects will attempt to answer these impediments by showing:

a. That it is possible to produce acceptable shelter for \$1500 or less which fits the ability to pay of low income families.

b. That most poor people will meet their monthly payment obligations if they are carefully selected and if they are dealing with a business-like private sector TSO, which exercises efficient post-occupancy administration, instead of dealing directly with a government housing agency.

c. That people will continually improve their minimum shelter over a period of time as their income permits if credit is available, and that minimum shelter communities do not necessarily become "slums" of the future.

d. That individual and community self-help efforts can be important in upgrading the communities and cooperative techniques can contribute to this process.

e. That institutions can be created with the necessary administrative and management capabilities.

The obtaining of financing from private financial institutions for this level housing and this level income is admittedly the most difficult impediment to surmount. Nevertheless, once the above objections can be dissipated, it is believed that local political and social pressures will lead to local financing. During the course of the project, FCH will also investigate the compulsory forms of investment in use in these and other countries which can be directed into housing for this level through administrative or legislative changes.

The program evaluation will consider "a" through "e" above and determine if the projects meet local housing financial policies.

Follow-Up Program: A follow-up program will be developed to disseminate information on the minimum shelter approach to other countries within the region. This will be done by publications, workshops and seminars conducted by FCH and by INTERVICO, a private non-profit association of Latin America and US technical services associations.

DEVELOPMENT OF A MINIMUM SHELTER DEMONSTRATION

PROJECT

The following steps would be involved in "typical" minimum shelter project. Some of the steps would overlap and others would take place concurrently.

STEP 1: Identify country where key elements are present:

a. Showing of Interest

local government interest in project.  
local private sector interest.  
local "people level" interest.

b. Showing of Local Initiative

some initial steps already taken by local groups - (new policy - new law - community organization, small pilot project etc.)

STEP 2: Identify Sources of Financing for Demonstration Project. (local and international)

STEP 3: Help Local Groups Prepare Project development plan, approved by all parties (could be loan or grant agreement or other document).

STEP 4: Identify or create local private implementing organizations (could be TSC, community development foundations, coop or labor unions).

STEP 5: Organization of community group.

STEP 6: Final site selection and acquisition.

STEP 7: Preparation of Site Plans, shelter plans, etc.

STEP 8: Social survey and meetings with participants for "pre-occupancy" educational program on cooperative approach to solving shelter and community problems.

STEP 9: Start savings program for participants down payments.

- STEP 10: Construction of basic shelters by private builders under Contract to TSO, or through self-help methods.
- STEP 11: Further Community organization, (cooperative or mutual type) formed and obtains legal identity.
- STEP 12: Construction complete and occupancy begins.
- STEP 13: Building Materials Credit and Supply system established within new community for self help home improvement.
- STEP 14: Cooperative community services and activities operating (child care centers, family planning services, nutrition programs, job training--small industry promotion, etc.)
- STEP 15: Evaluation, modification and expansion of program to other areas.

In carrying out the PROP, the "cooperative approach" will be used. By "cooperative approach" is meant, as the term denotes, collective action, essentially a pooling of human and financial resources. This community endeavour can take a variety of forms, generally under the catalytic action of a non-profit organization of publicly spirited citizens.

Prospective occupants will be organized into formal or informal groupings for joint action. Land and technical services will be obtained on a collective basis for savings in cost and better site planning; construction will be on a mass basis; common areas essential to better social living will be provided and maintained jointly; debt service will be self-policed to assure repayment of loans, and local "credit" sources will be organized to provide small loans for improvement and expansion of basic shelter. Ideally, all these joint actions will exist in any one project. However, situations will differ and only certain of these joint activities may be necessary, acceptable or proper in any given situation.

# MINIMUM SHELTER DEMO. PROJECTS

## TENTATIVE SCHEDULE - FCH - PROP - T.O #3

	1973												1974												1975					
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
1) IDENTIFY COUNTRIES	-----																													
2) POP SURVEYS	-----																													
3) PREPARE PROJECT IMP. PLANS	-----																													
4) PREPARE PUBLICATIONS	-----																													
5) WORKSHOPS & SEMINARS	-----																													
6) OBTAIN COMMITMENTS ON LAND & FINANCE																														
7) OBTAIN COMMITMENTS ON LAND & FINANCE																														
8) COMMUNITY COST ORGANIZATION																														
9) CONSTRUCTION																														
10) OCCUPANCY																														
11) COMMUNITY SERVICES																														
12) EVALUATION & REPORTS																														

#1

#2

#3

PROJECT #1

PROJECT #2

PROJECT #3