

**I. PROJECT IDENTIFICATION**

<b>1. PROJECT TITLE</b>  LOW COST HOUSING TECHNICAL ASSISTANCE		<b>APPENDIX ATTACHED</b> <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
<b>PD-AAB-997-D</b>		<b>2. PROJECT NO. (M.O. 1095.2)</b> 596-11-830-058
<b>3. RECIPIENT (specify)</b>  <input type="checkbox"/> COUNTRY _____ <input checked="" type="checkbox"/> REGIONAL <b>ROCAP</b> <input type="checkbox"/> INTERREGIONAL _____	<b>4. LIFE OF PROJECT</b> BEGINS FY <u>1975</u> ENDS FY <u>1976</u>	<b>5. SUBMISSION</b> <u>10/18/74</u> <input checked="" type="checkbox"/> ORIGINAL    DATE _____ <input type="checkbox"/> REV. NO. _____    DATE _____ CONTR./PASA NO. <u>19p.</u>

**II. FUNDING (\$000) AND 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													
2. OPRN FY	150	125	36				25	150	36				
3. BUDGET FY	150	125	36				25	150	36				
4. BUDGET +1 FY													
5. BUDGET +2 FY													
6. BUDGET +3 FY													
7. ALL SUBQ. FY													
8. GRAND TOTAL	300	250	72				50	300	72				

**9. OTHER DONOR CONTRIBUTIONS**

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT
1. USAID/Honduras; 2. Host Countries; 3a. CABEI, 3b. SER/H; 4. ROCAP	1. S&L Loan; 2a Counter-part personnel, b. investments in hsg; 3. sq. Guarantees; 4a Superv., b. Contract T.A.	1. 4,000; 2b 8,000; 3a 17.0M; b. 45,000; 4b 50

**III. ORIGINATING OFFICE CLEARANCE**

1. DRAFTER: J.D. Kilgore; I.G. Iragen; P. Wenger; M. Pita; B. Goldstein; E. Szepesyc	TITLE: ROCAP-RH/DD; Director; LA/DR SER/H; LA/DP; LA/DP	DATE
2. CLEARANCE OFFICER: A. Herrick (draft) R. Simpson; H. DeSable; W. Mann	TITLE: LA/CEN LA/DP; LA/DR	DATE

**IV. PROJECT AUTHORIZATION**

**1. CONDITIONS OF APPROVAL**

<b>2. CLEARANCES</b>					
BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE
SER/H	R. Zenger (Draft)	11-12-74	LA/DR	R. Breen	12/16/74
LA/DP/S	C. Uyehara		LA/DP	L. Harrison (Draft)	
LA/DC	I. Levy		LA/MSD	D. Lion	11/13/74
3. APPROVAL A/ID OFFICE DIRECTORS			7. APPROVAL A/AID (See M.O. 1025.1 VI C)		
SIGNATURE		DATE	SIGNATURE		DATE
<i>[Signature]</i>		12/9/74			
TITLE: AA/LA			ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT		

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## RATIONALE

The ROCAP Development Assistance Program (DAP) presented in October of 1973 outlines a regional housing strategy primarily based on the development of an integrated housing industry in Central America capable of providing shelter to all those people who need, want, and can afford to pay for it. The lower income groups in both urban and rural areas, which would meet the criteria expressed, were specifically described as the target of this strategy.

The DAP further envisioned that such an integrated housing industry would include four basic components: a self sustaining housing finance system, an adequate skilled labor force, maximum utilization of indigenous construction materials, and improved technology.

The development of a self-sustaining housing finance system was seen as both a Regional (multilateral) and National (bilateral) problem, and our strategy was designed on this basis.

Since the DAP was written, ROCAP has been instrumental in gaining approval of a large, \$46.0 million, Housing Investment Guaranty to be channelled through the Central American Bank for Economic Integration (CABEI); has, with assistance from the Office of Housing, initiated action to develop LCH programs in Costa Rica, Guatemala, and Honduras; and has provided key advice and support on the development of a national housing bank and FHA system in Honduras. At least 50% of the housing units built under each of the three proposed bilateral LCH programs should be outside the major metropolitan area in each country, and more than 50% of the number of units financed through the CABEI program will be LCH units.

Thus, a major component of the ROCAP strategy as expressed in the 1973 DAP is moving rapidly toward realization: the development of a self-sustaining housing finance system which will also serve the lower-income market.

It is important to understand that this system is in reality a multitiered, multinational, Capital Market. If developed as designed it will evolve into a never-ending chain -- mortgage origination at the local level financed by local institutions and insured by national FHA agencies; refinanced as required by national housing banks; sold to CABEI in periods of short liquidity and redeemed in periods of high liquidity -- creating both national and regional mortgage portfolios which the National Housing Banks and CABEI will in turn utilize to raise capital both within individual countries and within and outside of Central America.

The private housing finance system is composed primarily of savings and loans and mortgage banks now in existence in the countries participating in this project which have served the needs of families in the middle and lower middle income levels. The public housing institutions have dealt with the low income housing problem mostly through a building program which makes capital and interest subsidies an essential component of each project. With the exception of Honduras, FHA mortgage insurance is available in the rest of the countries that will receive assistance from this project. The FHAs have insured mortgages for middle income families. This project is undertaken with the knowledge of the existence of a housing finance system (public and private) presently active almost exclusively in middle income housing, that could be directed toward the allocation of resources for families below the 50th income percentile of urban employed.

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The workload implied in the development of this capital market, and in the development of specific demonstration LCH projects outside the major urban areas of the Region, will clearly absorb the capacity of the existing RHUDD and CABEI staff.

ROCAP has also contracted with ICAITI for studies of the present capacity of the housing construction industry, including availability of skilled labor in each construction trade and shortages therein; empresarial capacity in construction; construction material availability and shortages therein. During FY 1975, Shelter Sector Analyses are being carried out in Costa Rica, Guatemala and Honduras by ROCAP staff supplemented by substantial assistance from SER/H.

In order to implement the strategy, it is obvious that the national and multilateral institutions involved are going to have to be oriented toward providing solutions to the problems which the ICAITI study and Shelter Sector Analyses will uncover, and to the utilization of the unfolding national and multinational capital market for the development of LCH at market interest rates by:

- a) providing, through the HIG program, the initial capital to finance demonstration projects and simultaneously establish the basis for the secondary mortgage markets in LCH; and
- b) providing directly to the national and multilateral institutions involved the advice and assistance required in order to expedite preparation of national housing plans incorporating the strategic objectives, and subsequent implementation of the plans.

*4/19  
Housing  
Investment  
Plan*

There are strong indications that the governments of Honduras, El Salvador, Guatemala and Costa Rica will move forward with an integrated approach in the shelter sector area and that the existing public and private housing finance systems will be receptive to the changes required to bring a sustained flow of funds into the low income housing area.

The III C.A. Housing and Urban Development Conference held July 1974 dealt, as its main subject, with the need for the development of a National Housing Policy for each C.A. country. The conference was attended, in addition to representatives from public and private housing finance agencies, by high ranking officials from Planning Agencies and Ministries of Finance from El Salvador, Guatemala, Honduras and Costa Rica.

The Central Housing Institutions of Guatemala and Honduras have made requests for H.G. funds to finance, without subsidy, low cost housing units. Ministries of Finance and Directors of the National Planning Agencies are members of the Boards of those institutions.

The Board of Directors of the Central Bank of Costa Rica approved request for a \$30 million H.G. loan for low cost housing (\$8,000) last May. The Central Bank of Costa Rica is the highest finance authority of the G.O.C.R.

The G.O.G., last year, created the National Housing Bank of Guatemala (BANVI) as an autonomous institution that will operate in the social interest housing field with resources raised in the capital market through deposits and debentures. The G.O.G. committed \$6 million for the initial capitalization of the Bank, of which \$1 million

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have already been provided. The G.O.G., in creating BANVI as an institution that should be able to operate with its own resources, made the decision to terminate the subsidy policy in low cost housing.

El Salvador has established, following the Brazilian experience, a special fund for social interest housing to which workers and employers make monthly contributions based on a percentum of salaries and wages.

The present project will be undertaken with the knowledge that there are resources available in the private sector now financing middle and upper income housing that can be redirected to low income housing provided a fair and punctual return on the investment is guaranteed.

Costa Rica S&L system has financed housing for middle income families at the rate of \$3 million a year while mortgage banks in Guatemala have financed, during the same period, approximately \$6 million per year. In both countries, F.H.A. mortgage insurance has been made part of the financing. In Costa Rica almost 100% of the finance for middle income housing has been generated through the selling of insured mortgage participations in the secondary mortgage market. In Guatemala a continuous flow of funds for the finance of middle and high income houses exists by the selling of FHA insured Cédulas Hipotecarias (mortgage participations) in the secondary mortgage market. There is presently more demand for these small, i.e. \$1,000, Cédulas than there is supply.

As previously indicated this project is aimed to redirect the present housing finance resources into the low income housing area.

This project is also undertaken with the knowledge that there is demand for houses with selling prices families in the 20th to 50th income percentile of urban employed can afford assuming only 25% of their income can be allocated for monthly payments. The Guatemala case illustrates this point. BANVI has approximately 4,000 applications for houses with prices between \$2,000 and \$3,000 that will serve families earning less than \$130 to \$175 a month (estimated median for Guatemala City is \$175 per month and estimated median for urban areas outside Guatemala City is \$130 per month). ~~Sixty-six~~ percent of the families earning between \$100 and \$125 a month do not own their homes while approximately 30% of families making between \$125 and \$175 do not own their houses.

#### A. Goal

1. Statement of Sector Goal: To expand the availability of shelter units designed for and within the capacity to pay of urban and semi-urban area families below the 50th income percentile.

Achievement of project purpose can also be expected to contribute to more general goals such as the expansion of the construction industry in C.A. into the low cost housing area. As a result of such expansion, employment will increase in the construction and related industries.

2. Measures of Goal Achievement: Much of the base line data required to measure the extent of the achievement of the goals is now being developed by the American Institute for Industrial Research (ICAIR) under contract AID/ROCAP No. 596-70

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(See outputs and inputs). ICAITI should finish its study by June 1975. The information produced as a result of this study taken together with that provided by participating local institutions will give the data base for CY 1974 against which progress toward goal achievement will be measured. Each H. G. program will provide the specific targets for that country.

Project evaluations (PARs) for this activity, the first of which is due in July 1975, will provide 1974 baseline data and targets on the following:

- a) Number of Low Cost Housing (LCH) units started;
- b) Number of Low Cost Housing units completed and occupied;
- c) Dollar equivalent of local currency disbursed for Low Cost Housing mortgage loans;
- d) Number of housing units contracted for number of Low Cost Housing units constructed under these contracts or under force account projects; and
- e) Number of workers employed under "d" above by skill category.

III. Means of Verification: The above data will be made available to ROCAP by LCH sponsor institutions as a condition of their participation in the project. However, they are independently verifiable as well, from one or more of the following sources:

- a) Municipal building permit records.
- b) Title registry mortgage recordations.
- c) Central Bank/commercial bank mortgage lending and external borrowing statistics.

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- d) National Construction Chamber records.
- e) Payroll data from contractors.
- f) Ministry of Labor work permit data.
- g) Occupational categories covered by labor "sindicatos" (unions).

IV. Basic Assumptions: That preliminary indications of the demand for low cost housing, and untapped pools of internal private sector capital, supported by the information contained in the rationale, hold up and prove to be accurate.

In keeping with the AID Shelter Sector Strategy Statement of 1 August 1973, Housing Investment Guaranty resources would be made available to develop pilot LCH programs. Regarding the latter, it is expected that the utilization of these resources will serve to attract long term capital from existing but as yet untapped internal sources.

It is also assumed that sufficient construction capacity and materials are available to begin making inroads on the problem and that large numbers of un- and under-employed workers exist in CA who are available for employment as common laborers, for skilled and semi-skilled building trades.

## B. Purpose

I. Statement of Project Purpose: The project seeks to redirect and strengthen efforts of national and regional public and private sector housing institutions toward replicable low cost housing programs for low income families. The heart of such a project is attitudinal changes by national governments and housing sector agencies.

### II. End of Project Status:

1. Housing policies promulgated and being implemented which encourage:
  - a) FHA type insurance of mortgages for houses with prices that will serve urban families below the 50th income percentile.\*
  - b) The issuance of mortgages at commercial interest rates for low cost housing.
  - c) The rediscounting of mortgage papers related to low cost housing in the secondary mortgage market.
  - d) The use of proceeds from the secondary mortgage market to finance new construction of low cost housing.
  - e) The participation of women in the benefits of a comprehensive shelter sector program that will recognize the rights of women as head of a household in obtaining mortgages.
  - f) The elimination of government subsidies for low income housing.

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- g) Improved coordination of the efforts of existing housing agencies.
- h) Public Housing Agencies to act more as housing finance agencies and reduce their role as sponsor/developers.

\*/ In Guatemala, for example, the sales price should be around \$3,300.

2. AID supported housing construction being undertaken in accordance with the above policies.

3. Twenty-five percent of the resources from public housing finance institutions directed at new housing starts will be for houses having a selling price that will serve families below the 50th income percentile using existing technology including self-help and indigenous materials. Financing will be provided without subsidy.

The ICAITI study should be finished before the first PAR is due. This study may provide additional End of Project Status indicators.

III. Means of Verification: National Housing Policy documents; F.H.A. regulations from Guatemala, Costa Rica, El Salvador, Honduras; regulations and background papers from primary lenders related to credit review criteria and procedures; and actual project records from public and private housing finance institutions.

IV. Basic Assumptions: The Central American governments carry through on their stated policy goal of giving a high priority to providing housing for low income families.

### C. Outputs

#### I. Output:

##### A. Project

1. Standards for house design and urbanization and credit criteria for low income projects will be developed and accepted by public and private housing finance institutions.
2. Mortgage document rediscout system.
3. Studies, Reports, etc.

##### B. Related Activities

1. Shelter Sector Surveys
2. Demonstration Projects

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## II. Magnitude of Outputs:

### A. Project

1. a) Modification, of the standards and adoption of these modifications, in:

Costa Rica	Feb. 1975
Guatemala	June 1975
EL Salvador	June 1976

- b) Written, and adopted, technical standards providing for low cost housing:

Honduras	March 1975
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2. The following percentage of the insured mortgage paper for the portion of the demonstration projects that have been completed will have been rediscounted by primary lenders in June 1976.

- Costa Rica 25 percent of \$0.3 million in mortgages.
- El Salvador 40 percent of \$0.6 million in mortgages.
- Guatemala 60 percent of \$0.6 million in mortgages.
- Honduras 5 percent of \$0.3 million in mortgages.

### 3. Studies, Reports, Etc.

Under ICAITI Contract: a) Capacity of the housing construction industry in C.A., b) availability of skilled labor, c) housing stock in 1974, d) investment in low cost housing by public and private sector, e) market situation, f) land availability for low cost housing, g) comprehensive compilation of studies, publications and research related to the shelter sector in C.A. (June 1975).

By Advisors: A) Short Term. National Housing Policies guidelines for the preparation of National Housing Policies; Studies and recommendations in the areas of economics and planning in the shelter sector; seminars for high level officials connected with the preparation of National Housing policies; draft legislation for National Housing Acts; procedures for better implementation of National Housing Policies.

b) FHA: Regulations governing insurance of mortgages for low income housing; regulations related to mortgage insurance of low cost housing; evaluations of the FHA's fee structures in relation to low income housing; recommendations with respect to criteria FHAs should follow in reviewing performance by FHA approved institutions lending to low income families; provide basis for technical construction standards acceptable to FHA for low income housing.

c) Construction: Evaluate potential of using indigenous materials in the construction of low cost housing; evaluate effects of self-help techniques in the low cost housing area.

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- d) Secondary Mortgage Market: Recommendations to public housing institutes concerning marketing techniques of low cost housing mortgages; preparation of cash flow basis for the utilization of public housing institutions in the re-investment of resources acquired in the secondary mortgage operations.

#### B. Related Activities

1. One large demonstration housing project in each of the following countries is being carried out without capital or interest subsidies:
  - a) Costa Rica 200 units of which 200 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
  - b) El Salvador 400 units of which 300 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
  - c) Guatemala 500 units of which 500 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
  - d) Honduras 150 units of which 150 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.

#### 2. Shelter Sector Surveys:

- a) Costa Rica Oct. 1974
- b) El Salvador July 1975
- c) Guatemala Aug. 1974
- d) Honduras Sept. 1974

III. Means of Verification: Primary lender records; construction records; ICAITI reports; consultant reports; PARs; and documents prepared by and for in-country institutions.

#### IV. Assumptions:

1. Projected inputs are provided as scheduled.
2. In-country institutions continue to accept Technical assistance.
3. Qualified advisors are available.
4. Construction capacity is available.

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#### D. Project Inputs

To achieve the outputs, the inputs will be provided from various sources. ROCAP, funded and monitored through its Regional Housing and Urban Development Division. The HIG program will provide housing programs financed on bilateral basis and through CABEI. HIG program will also finance Shelter Sector Studies in the participating countries. The participating countries are expected to provide capital inputs in the finance of programs and as in the case of Guatemala operational capital for the Housing Bank. The following inputs expected for this project.

#### I. Statement of Inputs:

##### A. US

##### 1. Project

Technical Assistance

##### 2. Related Activities

##### a). ROCAP

Technical Assistance

##### b). Housing Guarantee

I) Survey Teams

II) Housing Guaranties

##### c) A.I.D. Bilateral

##### B. Host Country

##### 1. Project

Personnel

##### 2. Related Activities

Investments in Housing

#### II. Magnitude of Inputs

##### A. US

##### 1. Project - Technical Assistance

Type	Total mm	Total mm\$	Total \$
a) Long-Term Architect	24	90,000	
b) Long-Term Housing Generalist	24	48 90,000	180,000
c) Short-Term			
National Housing Policies Consultant	8		
FHA Consultant	8		
Expert new Construc- tion Technique	3		

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	mm	mm\$	Total \$
Secondary Mortgage Market Con- sultant	5	24	70,000
d) Travel and per diem			50,000

## 2. Related Activities

a) ROCAP - Contract with the Central American Institute for Industrial Research (ICAIRI) which will, using experts in the areas of economics, construction, and design; study the constraints in the implementation of low cost housing projects. Approximately 60 mm costing \$50,000 (June 1974 to June 1975). Supervision and monitoring as required.

b) Housing Guarantee

I) Survey Teams, one each composed of 1 Housing Generalist, 1 Arch.-Planner, 1 Housing Economist.

- |    |             |            |
|----|-------------|------------|
| 1) | Costa Rica  | Oct. 1974  |
| 2) | El Salvador | July 1975  |
| 3) | Guatemala   | Aug. 1974  |
| 4) | Honduras    | Sept. 1974 |

II) Housing Guaranties

1) Costa Rica

direct 15 m	FY 1975
direct 5 m	FY 1976
CABEI 3 m	FY 1975

2) El Salvador

CABEI 1 m	FY 1976
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3) Guatemala

direct 15 m	FY 1975
CABEI 2.0 m	FY 1976

4) Honduras

direct 10 m	FY 1976
CABEI 2 m	FY 1976

c) A.I.D. Bilateral -\$4.0 million loan to Honduras

B. Host Country1. Project

Personnel - Counterpart personnel in public housing and related institutions.

2. Related ActivitiesInvestments in Housing

- |    |   |       |             |
|----|---|-------|-------------|
| a) | Costa Rica                                | \$4   | 1974 - 1977 |
| b) | El Salvador                               | \$4   | 1974 - 1977 |
| c) | Guatemala                                 |       |             |
|    | RANVT                                     | \$6.0 | 1973 - 1976 |
|    | (May also be used for operating expenses) |       |             |
| d) | Honduras                                  | \$3.0 | 1975 - 1978 |

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III. Means of Verification:

1. ROCAP and AID/W records.
2. CABEI records.
3. Shelter Sector studies printed and distributed.
4. Authorization and contracts signed for H.G. loans.
5. Government budget records private and public housing finance institutions records of, projects built for low income families during FY 75 and 76.

IV. Basic Assumptions:

1. Qualified advisors are available.
2. The interest by public and private institutions in the finance of low cost housing will continue.

E. Course of Action

Once PROP approval has been received, ROCAP will undertake to obtain the services of two qualified resident advisors to work in close contact with those housing sector institutions which have already expressed interest in the project.

F. Future Year Funding

Future year funding will naturally depend upon the success of project-funded efforts as demonstrated in the expanded production of LCH units. It is not foreseen at this time that further grant funding for the project will be necessary inasmuch as success in achievement of the project purpose will probably imply (at the goal level) applications for substantial amounts of long-term Housing Investment Guaranty resources. Given the fees said applications would generate, any need for future year funding would be given favorable consideration by SER/H from HG fee income sources.

1. Goal

Statement of Sector Goal: To expand the availability of shelter units designed for and within the capacity to pay of urban and semi-urban area families below the 50th income percentile.

A. 2.

Measures of Goal Achievement:

- a) No. of L.C.H. started:  
1974 ; 1975 ;  
1976
- b) No. of L.C.H. units completed and occupied: 1974 ;  
1975 ; 1976
- c) Amount of C.A. pesos disbursed for L.C.H. mortgage loans: 1974 ;  
1975 ; 1976
- d) No. of L.C.H. construction contracts let or force account projects started.

<u>Year</u>	<u>Number</u>	<u>Total L.C.H. Units</u>	<u>L.C.H. Units</u>
1974			
1975			
1976			

- e) No. of workers employed under d) above (by skill category).

<u>Category</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
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A. 3.

Means of Verification:

- Municipal building permit records.
- Title registry mortgage records.
- Central Bank/commercial bank mortgage lending and external borrowing statistics.
- National Construction Chamber records.
- Payroll data from contractors.
- Ministry of Labor work permit data.
- Occupational categories covered by labor "sindicatos" (unions).

A. 4.

Basic Assumptions: That preliminary indications of the demand of low cost housing, and untapped pools of internal private sector capital, supported by the information contained in the rationale, hold up and prove to be accurate.

Utilization of HIG resources will serve to attract long term capital from existing but as yet untapped internal sources.

Sufficient construction capacity and materials are available to begin making inroads on the problem and that large numbers of un- and under-employed workers exist in CA who are available for employment as common laborers, for skilled and semi-skilled building trades.

1. Purpose

Statement of Project Purpose: The project seeks to redirect and strengthen efforts of national and regional public and private sector housing institutions toward replicable low cost housing programs for low income families.

B. 2. End of Project Status:

- I. Housing policies promulgated and being implemented which encourage:
- a) FHA type insurance of mortgages for houses with prices that will serve families below the 50th income percentile.\*/
  - b) The issuance of mortgages at commercial interest rates for low cost housing.
  - c) The rediscounting of mortgage papers related to low cost housing in the secondary mortgage market.
  - d) The use of proceeds from the secondary mortgage market to finance new construction of low cost housing.
  - e) The participation of women in the benefits of a comprehensive shelter sector program that will recognize the rights of women as head of a household in obtaining mortgages.
  - f) The elimination of government subsidies for low income housing.
  - g) Improved coordination of the efforts of existing housing agencies.
  - h) Public Housing Agencies to act more as housing finance agencies and reduce their role as sponsor/ developers.

\*/In Guatemala the sales price should be around \$3,300.

II. Twenty-five per cent of the resources from public housing finance institutions directed at new housing starts will be for houses having a selling price that will serve families below the 50th income percentile using existing technology including self-help and indigenous materials.

III. AID supported housing construction will be made within a cost range will be above prices.

B. 3.

Means of Verification: National Housing Policy documents; F.H.A. regulations from Guatemala, Costa Rica, El Salvador, Honduras; regulations and background papers from primary lenders related to credit review criteria and procedures; and actual project records from public and private housing finance institutions.

B. 4.

Basic Assumptions: The Central American governments carry through on their stated policy of giving a high priority to providing housing for low income families.

LOGICAL FRAMEWORK

C.1. Outouts

Standards for house design and urbanization and credit criteria for low income projects will be developed and accepted by public and private housing finance institutions.

II. Demonstration projects.

III. Mortgage document rediscount system.

C. 2. Magnitude of Outputs:

I. Standards:

- a) Modification, of the standards and adoption of these modifications, in:
 

Costa Rica	Feb. 1975
Guatemala	June 1975
El Salvador	June 1976
- b) Written, and adopted, technical standards providing for low cost housing:
 

Honduras	March 1975
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II. Projects: One large demonstration housing project in each of the following countries is being carried out without capital or interest subsidies:

- a) Costa Rica 200 units of which 200 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
- b) El Salvador 400 units of which 300 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
- c) Guatemala 500 units of which 500 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.
- d) Honduras 150 units of which 150 sell for a price that will serve families below the 50th income percentile in urban and semi-urban areas.

III. Rediscount System: The following percentage of the insured mortgage paper for the portion of the demonstration projects that have been completed will have been rediscounted by primary lenders by June 1976.

C. 3. Means of Verification:

Primary lender records; construction records; ICAITI reports; consultant reports; PARs; and documents prepared by and for in-country institutions.

C. 4. Assumptions:

- Projected inputs are provided as scheduled.
- In-country institution continue to accept Technical assistance.
- Qualified advisors are available.
- Construction capacity is available.

LOGICAL FRAMEWORK

C. 2. Magnitude of Outputs: cont.

- a) Costa Rica 25 percent of \$0.3 million in mortgages.
- b) El Salvador 40 percent of \$0.6 million in mortgages.
- c) Guatemala 60 percent of \$0.6 million in mortgages.
- d) Honduras 5 percent of \$0.3 million in mortgages.

IV. Studies, Reports, etc.

IV. Studies, Reports, Etc.

Under ICAITI Contract: a) Capacity of the housing construction industry in C.A., b) availability of skilled labor, c) housing stock in 1974, d) investment in low cost housing by public and private sector, e) market situation, f) land availability for low cost housing, h) comprehensive compilation studies, publications and research related to the shelter sector in C.A. (June 1975).

BY Advisors: a) Short Term. National Housing Policies guidelines for the preparation of National Housing Policies; Studies and recommendations in the areas of economics and planning in the shelter sector; seminars for high level officials connected with the preparation of National Housing policies; draft legislation for National Housing Acts; procedures for better implementation of National Housing Policies.

b) FHA: Regulations governing insurance of mortgages for low income housing; regulations related to mortgage insurance of low cost housing; evaluation of the FHAs fee structure in relation to low income housing; recommendations with respect to criteria FHAs should follow in reviewing performance by approved FHA institutions lending to low income families; provide basis for technical construction standards acceptable to FHA for low income housing.

C. 2. Magnitude of Outputs: cont.

- a) Construction: Evaluation potential of using indigenous materials in the construction low cost housing; evaluate effects self-help techniques in the low cost housing area.
- b) Secondary Mortgage Market: Recommendations to public housing institutes concerning marketing techniques of low cost housing mortgages; preparation of cash flow basis for the utilization of public housing institutions in the re-investment of resources acquired in the secondary mortgage operations.

V. Shelter Sector Services.

V. Shelter Sector Surveys:

- a) Costa Rica Oct. 1974
- b) El Salvador July 1975
- c) Guatemala Aug. 1974
- d) Honduras Sept. 1974

D. 1. Project Inputs:

Statement of Inputs:

- 1. Project Technical Assistance

D. 2. Magnitude of Inputs:

I. Project

Type	Total	Total
	mm mm \$	\$
a) Long-term		
1. Architect	24 90,	
2. Housing Generalist	24 48 90,	180,
b) Short-term		
1. National Housing Policies Consultant	8	
2. FHA Consultant	8	
3. Expert new construction Techniques	3	
4. Secondary Mortgage Market Consultant	5 24	70,
c) Travel and per diem		50,

D. 3. Means of Verification:

- ROCAP and AID/W records.
- CABEI records.
- Shelter Sector studies printed and distributed.
- Authorization and contracts signed for H.G. loans.
- Government budget records private and public housing finance institutions records of projects built for low income families, during FY'75 and '76.

D. 4. Basic Assumptions:

- Qualified advisor are available.
- The interest by public and private institutions in the finance of low cost housing will continue.

D. 1. Project Inputs: cont.  
I. ROCAP: Technical Assistance

III. Housing Guarantee:  
a) Survey Teams

b) Housing Guaranties

IV. A.I.D. Bilateral.

D. 2. Magnitude of Inputs: cont.  
II. ROCAP: Contract with the Central American Institute for Industrial Research (ICAIRI). Approximately 60 mm costing \$50,000 (June 1974 to June 1975).

Supervision and monitoring as required.

III. Housing Guarantee:  
a) Survey Teams, one each composed of 1 Housing Generalist, 1 Arch.-Planner, 1 Housing Economist.  
1. Costa Rica Oct. 1974  
2. El Salvador July 1975  
3. Guatemala Aug. 1974  
4. Honduras Sept. 1974  
b) Housing Guaranties:  
1. Costa Rica

direct 15m FY 1975  
direct 5m FY 1976  
CABEI 3m FY 1975

2. El Salvador

CABEI 1m FY 1976

3. Guatemala

direct 15m FY 1975  
CABEI 2.0m FY 1976

4. Honduras

direct 10m FY 1976  
CABEI 2m FY 1976

IV. A.I.D. Bilateral  
\$40 million loan to Honduras.

LOGICAL FRAMEWORK

1. Project Inputs: cont.

Host Country:

- a) Personnel
- b) Investments in Housing

D. 2. Magnitude of Inputs: cont.

V. Host Country:

- a) Personnel, Counterpart personnel in public housing and related institutions.
- b) Investments in Housing
  - Costa Rica \$4 1974-1977
  - El Salvador \$4 1974-1977
  - Guatemala
    - BANVI \$6.0 1973-1976.
    - (May also be used for operating expenses.)
  - Honduras \$3.0 1975-1978