

BIBLIOGRAPHIC DATA SHEET

1. CONTROL NUMBER
PN-AAK-459

2. SUBJECT CLASSIFICATION (695)
LA00-0000-G302

3. TITLE AND SUBTITLE (240)

Report on AID supported rural cooperative housing, plus clearance and relocation, demonstration coop projects, housing investment guaranty, costs and local participation

4. PERSONAL AUTHORS (100)

clearance and relocation, demonstration coop projects, housing investment guaranty, costs and local participation

5. CORPORATE AUTHORS (101)

Foundation for Cooperative Housing

6. DOCUMENT DATE (110)

1971

7. NUMBER OF PAGES (120)

16p.

8. ARC NUMBER (170)

9. REFERENCE ORGANIZATION (130)

FCH

10. SUPPLEMENTARY NOTES (500)

11. ABSTRACT (950)

South America

houses technical assistance

12. DESCRIPTORS (920)

housing
Latin America
cooperatives
rural areas
urban development

projects costs
participation
institution building
urban relocation
urban areas

13. PROJECT NUMBER (150)

14. CONTRACT NO.(140)

15. CONTRACT TYPE (140)

16. TYPE OF DOCUMENT (160)

COOPERATIVE HOUSING IN LATIN AMERICA

**A SUMMARY REPORT ON
AID SUPPORTED:**

**Rural Cooperative Housing
Slum Clearance and Relocation
Demonstration Coop Projects
Housing Investment Guaranty
Costs and Local Participation**



FOUNDATION FOR COOPERATIVE HOUSING

1012 FOURTEENTH STREET, N.W.

WASHINGTON, D.C. 20005

SUMMARY REPORT

LATIN AMERICAN PROGRAMS

THE FOUNDATION FOR COOPERATIVE HOUSING

July, 1971

I - INTRODUCTION

The basic objective of the work of the Foundation for Cooperative Housing and FCH Services in Latin America under the AID financed program has been to help build local institutions in each country which can provide the technical services required for development of on-going cooperative housing programs. FCH technical assistance has been concentrated in four areas:

1. Assistance in establishment of new cooperative housing institutions.
2. Training of technicians and cooperative leaders.
3. Assistance in development of urban and rural cooperative housing demonstration projects.
4. Seeking local financial sources to support continuing cooperative housing programs.

II - NEW COOPERATIVE HOUSING INSTITUTIONS

To date, FCH has assisted in establishing and strengthening five private sector, non-profit technical institutions: 1) FUNDAVICO in Panama, 2) FEHCOVIL in Honduras, 3) PROVICOOP in Colombia,

4) INVICA in Venezuela, and 5) Mutual Housing Services in Jamaica. In addition FCH has worked closely with similar cooperative housing institutions in Chile (INVICA, TECNICOOP, and INVICOOP) in joint seminars and cooperation on management training to help strengthen those organizations. In Brazil, an FCH/AID technical assistance program in the state of Minas Gerais helped create a model for what has become a large scale national cooperative housing program by the National Housing Bank of Brazil. Several of these cooperative housing institutions are now becoming self sufficient and are producing thousands of new homes with local resources.

III - TRAINING

FCH has conducted a wide range of cooperative housing training activities which have involved more than 1000 Latin American technicians and cooperative housing leaders. Most FCH training work falls into the following categories:

1. On-the-job training of Latin American technicians working in the newly established cooperative housing institutions by FCH resident specialists;
2. Short term specialized training by FCH in the United States for higher level technicians and executives;
3. Annual regional training courses in Latin America which involve four to eight countries for groups of twenty to thirty cooperative technicians and leaders;
4. Hemisphere-wide seminars on cooperative housing techniques jointly sponsored by FCH, Latin American

- technical service organizations, and financial and housing institutions in the host countries;
5. "Grass roots" seminars for cooperative members in both rural and urban areas in Latin America.

IV - DEMONSTRATION PROJECTS

The demonstration projects developed to date fall into three categories: Category #1: AID funded development loan cooperative housing projects; Category #2: Projects developed under the AID Housing Investment Guaranty Program; and Category #3: AID/FCH technical assistance programs with projects funded from local sources. The charts accompanying this report provide a quantitative analysis of the programs by category. Following is a brief description of each demonstration program:

CATEGORY #1, AID DIRECT LOAN PROGRAMS

Rural Cooperative Housing in Panama. - The rural self-help cooperative housing projects in Panama have been extremely successful. Eighteen projects have been completed to date by FUNDAVICO with assistance from AID and FCH. Costs of the rural homes run from \$300 to \$1,000 each. The cooperative member takes maximum responsibility in the development and administration of these projects.

The eighteen rural projects include 359 homes at a total cost of \$303,000. At present, 244 of these are completed and occupied. The others are under construction and will be completed shortly.

Roll-over funds from the repayments on the completed projects will be used to continue construction of new projects in the future.

Squatter Relocation and Home Improvement - Panama. - Also in Panama FCH has assisted in the completion of voluntary relocation of families from several squatter areas and improvement of other existing squatter areas. Relocated families received "shell" houses costing from \$800 to \$1,000 per unit, which were completed by self-help. The home improvement loans and loans for self-help construction have averaged \$500. The housing element of this program has produced more than 1,600 units at a financing cost of about \$1,000,000. This project was undertaken in cooperation with the Panamanian housing agency and is now complete. The government of Panama is now constructing a similar program of 2,500 units without AID financial help.

Urban Cooperative Demonstration Projects - Panama. - The first urban cooperative housing demonstration project in Panama was in the small city of David with help from AID and FCH in 1966. The first section was 78 units of duplex housing. These cost \$2,800 per unit and have been completed and occupied for several years.

A second section of the Dos Pinos project in David is now under construction and will provide 55 additional units at \$4,800 per unit with the total cost of \$261,000. Part of the higher cost is due to increased construction costs and part is reflected in higher quality housing.

Three additional urban cooperative housing demonstration projects are now under construction in Panama. These walk-up apartment projects include two complexes, of 186 and 202 units, in Panama City and 157 units in Colon will be the first cooperative apartment projects in Panama. They run from \$4,700 to \$6,800 per unit and are scheduled for completion by the end of 1971.

Urban Cooperative Demonstration Project - Guatemala. - The project in Guatemala was completed without any direct AID loan funds.

Construction financing was through INVI, the housing agency of Guatemala, with the long term financing from CABEI, the Central American Bank for Economic Integration. Local assistance came from seven industries in the city of Escuintla, including two U.S. firms. The FCH input was in the form of technical assistance provided by the FCH representative serving with the USAID Mission in Guatemala.

The Escuintla project cost \$2,600 per unit. There are 180 homes in the community with local funding of \$468,000. The success of this project has encouraged INVI to establish a cooperative housing department and to begin plans for establishing cooperative housing technical service organizations in Guatemala.

Urban Development Projects - Honduras. - Two demonstration projects completed in Honduras were financed by a direct AID housing loan.

The housing cooperative in La Ceiba has 175 units completed with an average unit price of \$7,067. The AID loan totaled \$1,311,828 for this project.

The second cooperative project is just north of San Pedro Sula. It has 73 units at an average unit price of \$8,053. The AID loan was for \$618,881. This loan program included funds for the creation of FEHCOVIL and provided training and experience for its technicians.

Urban Development Projects - Colombia. - In Colombia, the projects were built with the assistance of an AID local currency loan by agreement with the Government of Colombia. The original "program loan" or "infrastructure loan" was made to the Government of Colombia in US dollars. The GOC in turn loaned local currencies to the ICT (the housing agency of Colombia) which were earmarked for housing cooperatives in Bogota, Cali and Medellin.

The Puente Palma project in the city of Cali cost \$6,000 per unit. There are 80 units completed, and the "peso" loan amounted to \$460,000 measured in US dollars.

In Bogota, the Banderas project has 60 units in its first section, now completed. These cost \$5,500 per unit, and the mortgage amount was \$330,000.

The third AID assisted demonstration project in Colombia is in the city of Medellin. This is now in the design stage and will cost \$6,000 per unit for 60 units. The AID/ICT loan will amount to about \$900,000 in U.S. currency. In addition to the AID assisted project, the cooperative housing organization, PROVICOOP has eleven new cooperative projects in construction or development stages with local financing.

To summarize the Category #1 AID development loan programs, FCH has assisted in the development of 3,265 units with a total development cost of \$8,696,709. These development loan projects have cost an average of \$2,664 per unit. This includes the rural housing projects, the relocation program in Panama, and the urban demonstration projects in Panama, Honduras, Guatemala and Colombia.

CATEGORY #2, Cooperative Housing Investment Guaranty Program

The cooperative Housing Investment Guaranty Program (HIG) now includes project in development with firm financial commitments in Jamaica, Venezuela, and Honduras. In addition, there are programs in the preliminary stages of negotiation which are far enough along to have sites selected and plans specifying the number of units, average selling price and amount of guaranty authorization required. In addition, there are several feasibility studies in various stages which are not covered in this report.

Montego Bay Cooperative Housing Project - Jamaica. - In Jamaica, FCH is assisting Mutual Housing Services, which is associated with Continental Homes, in the development of a 301-unit project in Montego Bay. MHS is providing organization and marketing services for this project, which has a total project cost of roughly \$2,650,000 for the first stage. Unit costs are about \$8,800. The project will serve many of the hotel employees working in the Montego Bay area.

National Cooperative Program - Venezuela. - In Venezuela FCH has been working with INVICA, the local technical service organization, under the negotiated HIG Program. The sub-projects in Venezuela are located at Valencia, Maracay and Maracaibo. The three projects will total 1,080 homes with an average selling price of \$8,223. The non-profit sponsor, INVICA, anticipates down payments of \$890,000 and local participation of \$2,000,000 by the Banco Obrero. These sums with the guaranty authorization of \$6,000,000 will bring the total cost of the program to \$8,890,000.

Urban Housing - Honduras. - In Honduras AID has reserved \$4,000,000 for the development of new cooperative housing programs to be sponsored by FEHCOVIL, and the first stage of this program is now about to begin with the construction of 401 units at an average unit cost of \$5,500. This represents a total project value of \$2,200,000. The program grew out of the work of FCH in connection with the AID development loan mentioned earlier in this report. The second stage of this project will be developed later in 1971 or in early 1972 to complete the \$4,000,000 of reserved guaranty authority.

In summary, the Category #2 cooperative housing guaranty projects with actual commitments for financing from US investors total 1,782 units with an average selling price of \$7,712. Down payments will total \$13,743,900. Total cost of the program when the projects now in process are all completed will be \$15,943,900.

If we summarize the total AID direct loan and guaranty programs, we have the following totals for homes completed or in process: 5,047 units with a total development cost of \$22,440,609. The cost per unit of all the cooperative housing produced or in the final stages of development under this program averages \$4,446.

CATEGORY #3, PROJECTS WITH AID/FCH TECHNICAL ASSISTANCE AND LOCAL FUNDING

One of the most interesting aspects of the FCH/AID program to date is the initiative taken by the cooperative technical service organizations developed under this program. For example, in Colombia, the PROVICOOP organization is now working on a total of 14 projects, of which only three are funded by the AID development loan or Investment Guaranty programs. In both Chile and Brazil, the cooperative housing organizations are producing thousands of new homes each year with local financing. In Venezuela, the INVICA organization has several projects underway outside of the Housing Investment Guaranty Program.

In Jamaica FCH has assisted in the establishment of Mutual Housing Services (MHS), a non-profit cooperative housing sponsoring organization. At present MHS is about to complete the Mountain Terrace project in Kingston, which is being built by Structures Ltd. and IBEC (International Basic Economy Corporation). This project has 159 units at an average selling price of \$8,130, for a total value of \$1,292,000. Down payments amount to 24% of the selling price, or \$2,010 per unit.

Originally, this project was to be financed through the AID Housing Investment Guaranty Program but now it will be funded locally by the Victoria Mutual Building Society.

In addition, MHS is about to complete the first section of 90 units of a 320 unit development called Delacree Park. This urban renewal type project is sponsored and developed by MHS and is located in Trenchtown, a principal slum area in Kingston. Unit cost will average \$6,096 with a 10% down payment; the total value of the project will be \$570,000. The second stage involves approximately 230 additional units.

In Honduras, the FEHCOVIL organization is assisting in the development of a cooperative savings and loan association and has several non-AID projects in various stages of development.

In Panama, FUNDAVICO has presented to the government a plan for the substantial expansion of the rural cooperative housing program with funding directly from the Government of Panama.

These examples demonstrate that FCH is achieving fairly substantial results in the stimulation of local capital as well as local professional services and labor in the development of cooperative housing projects.

A very recent development in the cooperative housing field has been formation of a new private sector multinational association of the cooperative housing technical service organizations in Bogota during June 1971.

This new organization, INTERVICO, will help in the exchange of technical information and in the development of new programs in countries just starting cooperative housing programs.

The AID/FCH programs have not only provided better homes for more families at lower cost, but, even more important, in the process of developing the pilot demonstration projects they have helped to create institutions that can continue to develop homes with local resources to meet the great needs of the people of the newly developing countries.

SUMMARY CHART DEMONSTRATION COOPERATIVE HOUSING PROJECTS IN LATIN AMERICA

7/8/71

CATEGORY #1 - AID DEVELOPMENT LOAN ASSISTED PROJECTS

<u>COUNTRY</u>	<u>PROJECT</u>	<u>NO.OF UNITS</u>	<u>UNIT COST</u>	<u>DOWN PAYMENTS</u>	<u>ESTIMATED LOCAL PARTICIPATION</u>	<u>TOTAL PROGRAM COST</u>	<u>STATUS</u>
Honduras	La Ceiba	175	av. \$7,607	\$131,000)	\$ 250,000	\$1,311,328	Completed
	Colvisula	73	av. \$8,053	62,000)		618,881	Completed
Panama	Dos Pinos	78	\$ 2,500	20,000	50,000	195,000	Completed
	Huerta Sandoval	186	4,700-6,700	113,700)	1,000,000	1,137,000	In Construction
	La Loceria	202	5,800-6,800	124,000)		1,238,000	In Construction
	Nuevo Cristobal	157	5,700-6,700	101,000)		1,014,000	In Construction
	Dos Pinos 2nd Section	55	4,750	26,000)		261,000	In Construction
	Rural Projects	359	800-1,000	30,000)		303,000	In Construction 244 Completed
	Squatter Relocation and Improvements						
	A. Shell Houses	600	800-1,000				Completed
	B. \$500 loans for self- help home construc- tion or improvement	1,000	500			1,000,000 ¹⁾ (3,000,000) ²⁾	

1) Includes estimated land value, utilities, local professional services and cash contribution not part of AID loan.

2) Total program of \$3 million included schools, main utility lines and other items not directly related to housing element which totaled about \$1 million.

SUMMARY CHART DEMONSTRATION COOPERATIVE HOUSING PROJECTS IN LATIN AMERICA

CATEGORY #1 - AID DEVELOPMENT LOAN ASSISTED PROJECTS

<u>COUNTRY</u>	<u>PROJECT</u>	<u>NO. OF UNITS</u>	<u>UNIT COST</u>	<u>DOWN PAYMENTS</u>	<u>ESTIMATED LOCAL PARTICIPATION</u>	<u>TOTAL PROGRAM COST</u>	<u>STATUS</u>
Colombia	Puente Palma-Cali	80	\$6,000	\$ 46,000)	\$ 250,000	\$ 460,000 ³⁾	Completed
	Banderas-Bogota	60	5,500	33,000)		330,000 ³⁾	Completed
	Los Pinos-Medellin	60	6,000	36,000)		360,000 ³⁾	Development stage
Guatemala	Esquintla	180	2,600	47,000	468,000 ⁴⁾	468,000	Completed
SUBTOTALS Category #1		3,265	av. \$2,664	\$ 769,700	\$ 3,018,000	\$ 8,696,700	

3)
AID loan to government generated pesos which were loaned to cooperatives.

4)
Direct project cost all from local sources encouraged by possibility of future mortgage discount under AID loan to CAFEI.

SUMMARY CHART DEMONSTRATION COOPERATIVE HOUSING PROJECTS IN LATIN AMERICA

7/8/71
Page 3

CATEGORY #2 - AID HOUSING INVESTMENT GUARANTY COOPERATIVE PROJECTS

<u>COUNTRY</u>	<u>PROJECT</u>	<u>NO.OF UNITS</u>	<u>UNIT COST</u>	<u>DOWN PAYMENTS</u>	<u>ESTIMATED LOCAL PARTICIPATION</u>	<u>TOTAL PROGRAM COST</u>	<u>STATUS</u>
Jamaica	Montego Bay	301	\$8,800	\$265,000		\$2,650,000	Investor Com- mitment Issued
Honduras	El Hogar	401	5,500	330,000		2,205,500	"
Venezuela	INVICA						
	1. Valencia	80	8,230	65,800)	\$2,000,000	658,400	"
	2. Maracay	600	8,230	493,800)		4,938,000	"
	3. Maracaibo	400	8,230	329,200)		3,292,000	"
SUBTOTALS Category #2		1,782	AV. \$7,712	\$1,483,800	\$2,000,000	\$13,743,900	

CATEGORY #3 - LOCAL PROJECT FUNDING WITH FCH/AID TECHNICAL ASSISTANCE

Colombia	1. Bucaramanga	60	\$5,800	\$34,800	\$348,000	\$348,000	In construction
	2. Ciudad Jardin-Bogota	20	6,000	12,000	120,000	120,000	In construction
	3. Estadio Norte-Medellin	42	8,500	35,700	357,000	357,000	In construction
Honduras	Jos. Velazquez	19	8,500	16,150	161,500	161,500	Financing se- cured; nearing completion

SUMMARY CHART DEMONSTRATION COOPERATIVE HOUSING PROJECTS IN LATIN AMERICA

7/8/71
Page 4

CATEGORY #3 - LOCAL PROJECT FUNDING WITH FCH/AID TECHNICAL ASSISTANCE (cont.)

<u>COUNTRY</u>	<u>PROJECT</u>	<u>NO. OF UNITS</u>	<u>UNIT COST</u>	<u>DOWN PAYMENTS</u>	<u>ESTIMATED LOCAL PARTICIPATION</u>	<u>TOTAL PROGRAM COST</u>	<u>STATUS</u>
Jamaica	1. Mt. Terrace	159	\$8,130	\$319,600	\$1,292,000	\$ 1,292,000	Completion scheduled 9/71
	2. Delacree Park	90	\$6,096	57,000	570,000	570,000	" 10/71
<u>SUBTOTALS Category #3</u>		390	AV. \$7,300	\$475,250	\$2,848,500	\$ 2,848,500	
<u>+ SUBTOTALS #1</u>		3,265	AV. \$2,664	\$769,700	\$3,018,000	\$ 8,696,709	
<u>+ SUBTOTALS #2</u>		1,782	AV. \$7,175	\$1,483,800	\$2,000,000	\$13,743,900	
<u>GRAND TOTALS</u>		5,437	AV. \$4,651	\$2,728,750	\$7,866,500	\$25,289,109	

FOUNDATION FOR COOPERATIVE HOUSING
FCH SERVICES, INC.
1012 14th Street, N. W.
Washington, D. C. 20005