

**Agency
For
International
Development**

Office of Housing
Housing Guaranty Program

Fiscal Year 1975

Annual Report



A.I.D. Housing Guaranty Program

The Housing Guaranty program is a means of providing long term financing from U.S. lenders to finance housing projects and programs in developing nations. Through it, A.I.D. performs roles in the field of international housing finance, roughly comparable to that of the Federal Home Loan Bank Board System and the Federal Housing Administration in the United States.

Proposed projects are developed by the prospective borrowers (sponsor) and analyzed by A.I.D. If agreement is reached on project financing, A.I.D. issues a commitment to guaranty, and the borrower can then find a U.S. lender (investor). The A.I.D. guaranty will compensate U.S. lenders for losses they may experience other than those resulting from their own fraud or misrepresentation. Maximum interest rates to U.S. lenders are established by A.I.D. on the basis of a formula established by legislation. These rates reflect the current cost of money on the U.S. mortgage market.

In recent years most guaranties have gone to housing institutions that are essential components of the developing nation's housing strategy, and have been negotiated on a noncompetitive basis. Prospective institutional borrowers may approach A.I.D. at any time to discuss proposals.

A.I.D. charges a fee for its guaranty, which covers operating expenses and provides reserves against claims. The program operates with minimal cost to the U.S. Government.

**Table
Of
Contents**

Introduction	2
Program Development	4
Methodology	6
Administration and Organization	7
Investors	9
Status of Guaranty Programs	9
Financial Report	10
Country Information	12
A.I.D. Activities	14
Projects Authorized and Under Contract	16
Policy Statement	21
Foreign Assistance Act of 1969	25

Introduction

During FY 1975, A.I.D. continued to focus the Agency's resources on the housing problems of lower income urban families. This was the principal thrust of the policies and procedures of the Office of Housing, as described in the following sections of this report.

An additional five projects totalling \$95 million were authorized during FY 1975. Investors signed \$52 million of long-term loan agreements with government institutions and private developers pursuant to prior authorizations by A.I.D.

In Korea, two new programs were authorized—one of \$25 million for low-cost condominium apartment units in Seoul and other cities and a second of \$10 million for a housing improvement program in slum and squatter areas of Seoul.

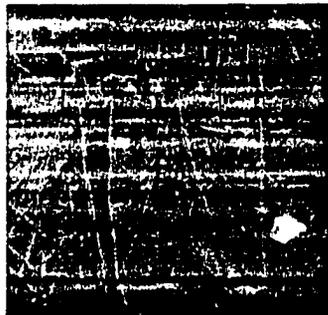
In Portugal, a \$20 million guaranty program was authorized to finance condominium apartments for lower income families in Lisbon and Oporto. This was combined with a \$13.25 million concessional loan for the same purpose and a \$250,000 grant for technical assistance.

In Cameroon, a \$10 million loan was authorized to help finance a sites-and-services program for Douala and Yaounde.

In Chile, a \$30 million program was authorized for the long-term financing of housing for families earning below the urban median family income. Funds will pass through both private and public sector institutions, and will support the growth and development of cooperative housing organizations.



The Office of Housing continues to believe that national housing policy is the most important area of interest for international housing assistance. During the past year, it completed and published a study on national housing policies which describes the organization and procedures necessary to develop such policies, as well as their advantages. This theme has been stressed at A.I.D. sponsored conferences and seminars, and is discussed with all prospective borrowers.



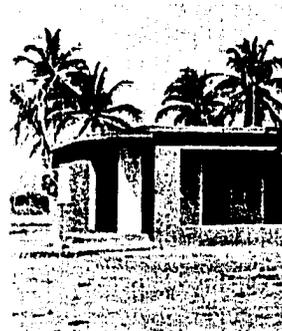
A good example is the case of Korea. During FY 1975, consultant services have been made available to the Korean Ministry of Construction, which has undertaken the responsibility for a National Housing Policy for Korea. This policy, which was approved by the Korean Government on May 1, 1975, will lead to substantial improvement in the shelter of lower-income groups. In addition, it emphasizes (1) increased housing construction investments by both public and private sectors, (2) infrastructure development, (3) maximum use of existing housing stock, (4) upgrading of the housing and building materials industries and (5) reorganization of government housing administrative services.

The new policy directions are already being reflected in the Seoul housing improvement program described above and in an expanded low-cost housing program.

The U.S. Congress approved an additional \$50 million in guaranty authority during FY 1975, increasing statutory authority for the program to \$930.1 million.

In summary, FY 1975 activity and cumulative totals are as follows:

	(In Millions of Dollars)	
	FY 1975	Total
Legislative Authority	50	930.1
Authorizations	95	743.9
Contracts Signed	52	583.3
Disbursements	79.5	462.9



Program Development

Policy

The policies of the Agency were further modified during FY 1975 to reflect the Congressional mandate to concentrate AID's programs on the "poor majority." After a year's experience with the Shelter Sector Policy adopted in 1973, a revised Policy Statement was issued in October, 1974. This paper, which is included in its entirety at the end of this report, states that to the extent possible, AID shelter resources will be invested in projects benefiting low income groups either directly or indirectly. This is defined as the poorer half of the urban population of a given country or city. During FY 1975, all projects authorized met this guideline.

The Shelter Sector Assessment which precedes a decision on the development of a housing guaranty program now includes a calculation of the median income in the city or cities in which the program is to be undertaken. Housing programs are being designed to be within the reach of families earning below the median income. Standards must often be lowered in order to achieve a housing unit affordable by significant numbers of the target population. This may result in housing projects which offer something less than a complete "standard" unit (with several rooms, and sanitary facilities), such as core houses or sites-and-services.

New Program Directions

In Cameroon, the \$10 million housing guaranty loan authorized will help to finance a sites-and-services program in Yaounde and Douala. In order to reach lower income families, several innovative approaches are being considered, including (1) reduction of lot sizes, (2) reduced standards of infrastructure, (3) recognition of practice of room rental, common in African countries, to help meet mortgage payments, and (4) grace period on individual loans to permit purchase of building materials for construction. As many as 6,000 housing units may be developed in the Cameroon program. Grant funded technical assistance will be provided to help the Cameroon government organize its housing agencies to undertake such a large-scale sites-and-services program.

In Seoul, Korea, a housing improvement program is being developed which may improve the living conditions of as many as 25,000 residents of existing squatter areas. The program will provide funds for the purchase of land to secure tenure for the residents, the improvement of access roads and walks, water and electricity supply and sewage disposal, and the improvement, expansion or replacement of existing structures. Funding will be from a \$10 million housing guaranty loan plus the down payments and "sweat equity" of the residents.

The Government of Chile will use housing guaranty funds to finance cooperative housing for urban and rural families with below-median incomes. The rural program will involve the creation of a complete low-cost housing delivery system using the staff and experience of existing agricultural and construction cooperative enterprises.

Technical Assistance

During the past year, the Office of Housing began to provide technical services on a reimbursable contract basis. At the request of the Government of Kuwait, a Team of five housing specialists went to Kuwait to provide advice concerning the organizations, management and operations of a newly formed National Housing Authority.

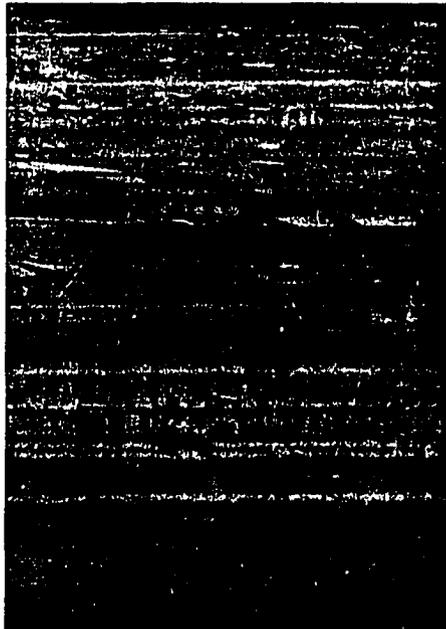
Following this study, two housing specialists were sent to Kuwait for two-year tours to head up operational sections in the Authority and help train Kuwait counterparts to take their positions. In addition, as an outcome of the initial services, a study of building systems applicable to Kuwait is being conducted for the Authority. All costs of both field and backup services are being paid by the Government of Kuwait.

International Conferences

In January, 1975, a second African Conference on Housing was jointly sponsored by A.I.D.'s Office of Housing and the Caisse Nationale d'Epargne et de Crédit Immobilier of Zaire. The conference was held in Kinshasa, Zaire, and was attended by 40 representatives of fifteen

African countries. Papers were presented on the two conference themes, "National Housing Policies" and "Housing for Low-Income Groups."

The Thirteenth Annual Inter-American Savings and Loan Conference, which A.I.D. co-sponsors together with the National Savings and Loan League, the United States League of Savings Associations, and the Inter-American Savings and Loan Union, was held in Buenos Aires in April 1975. 500 delegates attended, representing virtually all of the countries in the western hemisphere. With the assistance and encouragement of the Office of Housing, the Inter-American Union is assuming increasing responsibility for the organization and management of this annual conference.



AID also co-sponsored, with the National Science Foundation and the Egyptian Engineering Society, a conference on Low-Cost Housing held in Cairo in April. Over 200 delegates from 40 countries participated. The A.I.D. representative delivered the first substantive address after the opening ceremonies, to set the theme of policy development and the needs of lower-income groups.

Methodology

The Housing Guaranty Program involves collaboration with a local housing institution, such as a national housing authority, a central savings and loan system, a national cooperative organization, or similar public or non-profit private institution acting as borrower.

Following a request from the country, A.I.D., working with host country officials, will do a shelter sector analysis to determine the existing situation. Within the context of this analysis, A.I.D. reviews with the borrower the type of housing program to be financed and the institutional context within which it will be undertaken. A.I.D.'s concerns at this stage included: (a) the progress which has been made

towards the development of a national housing policy; (b) the contribution which the program will make towards the creation or strengthening of institutions needed to meet national housing needs; (c) the capacity of the construction industry to supply housing over a given period; (d) the effective demand for housing at the agreed-upon price level, and (e) the ability of the economy to repay the proposed loan. When a mutually agreeable program has been developed, A.I.D. offers to guaranty repayment to any eligible U.S. investor who makes a loan for this program.

The borrower then seeks the most favorable terms available in the U.S. capital market for a U.S. Government guaranteed loan. The U.S. investor and the borrower agree on the terms of the long-term financing (within interest rate ceilings set by A.I.D. in accordance with the law, which reflect the prevailing interest rate for long-term mortgages in the United States) and sign agreements incorporating these terms. At the same time, A.I.D. and the borrower enter into agreements defining the use of the loan. A typical housing guaranty loan is disbursed over a period of several years.



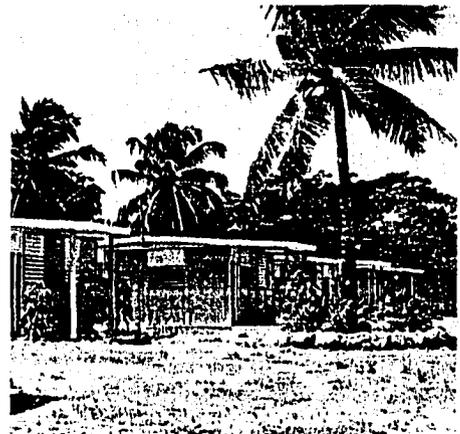
Administration And Organization

In FY 1975 the Office of Housing continued to modify its organization and develop its administrative procedures to carry out its world-wide responsibility. The regional field office in Addis Ababa was moved to Nairobi to achieve better coordination with other A.I.D. regional offices. The Buenos Aires office was closed, and the Guatemala City office moved to Tegucigalpa, where the Central American Bank for Economic Integration is located. It is anticipated that new offices will be opened in FY 1976 in Seoul and Santiago.

A.I.D. charges a fee for its guaranty, which covers the direct operating expenses of the program. During FY 1975 as in prior years, virtually all fee income was expended in program development and monitoring; and in the provision of technical assistance.

Fee income for the year, of \$3,270,060.85, exceeded operating expenses of \$2,969,734.28 by \$300,326.57 which was credited to reserves. Non-recoverable claims of \$201,984.89 were paid from reserves, which now stand at \$50,535,011.06. Details are included in the FY 75 financial statements included in Section VI of this report.

In accordance with A.I.D. policy, the Office of Housing utilizes the services of private contractors. Substantial contribution to the year's achievements is attributable to the work of the following contractors:



The National Savings and Loan League performs supervisory inspection of the operations of the fiduciaries that handle disbursements and collections in the host country, and performs underwriting surveys, studies for new projects and construction inspection under the supervision of the Office of Housing.

The Foundation for Cooperative Housing assists in the development of cooperative housing institutions, neighborhood organizations, community standards and other management aspects of the program.



The Institute of Financial Education, formerly the American Savings and Loan Institute, conducts a series of seminars, extension courses, and other training programs in savings and loan management.

The Federal Home Loan Bank Board provides economic research into housing finance in the developing countries and carries out technical assistance assignments in the United States and abroad as required.

The American Security and Trust Company acts as the U.S. fiscal agent for most ongoing projects.

The Inter-American Savings and Loan Union provides training services and facilities to Latin American housing finance institutions.

In addition, short-term consulting services were provided by Planning and Development Collaborative, and Phoenix Housing Development Corporation. Arrangements were made during the year through a competitive bidding process to make the services of five additional consulting firms available to the program.



Investors

In recent years the biggest source of investment has been the U.S. savings and loan industry acting through the Federal Home Loan Banks of New York and Boston. They continued to invest during FY 75 in the form of two loans totalling \$15 million to Kenya. Participation interests in the projects will be sold to individual savings and loan associations throughout the U.S.

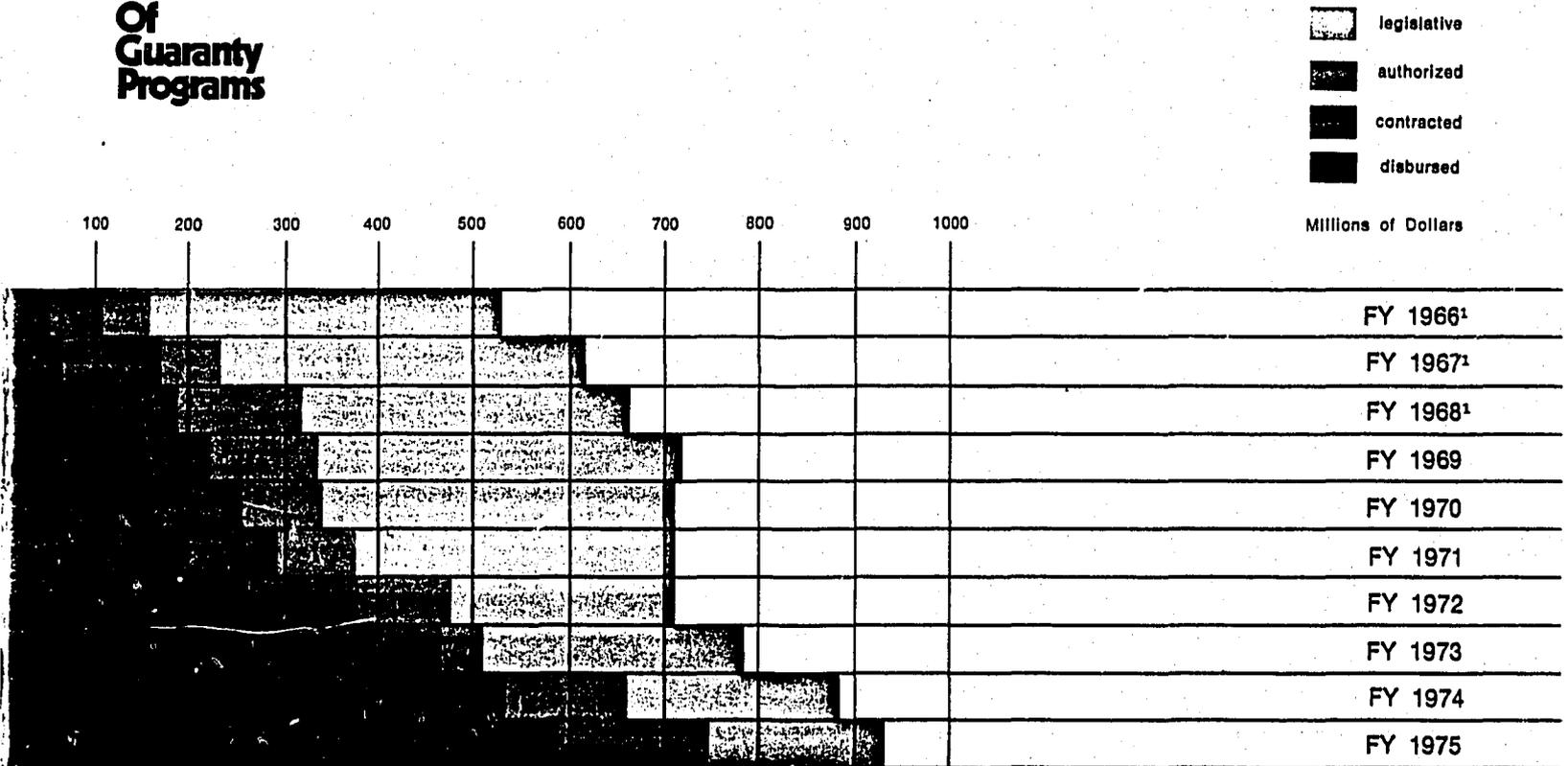
A \$25 million loan to Israel was made by the International Ladies Garment Workers Union. A \$12 million loan to the Central American

Bank for Economic Integration was made by a consortium of commercial banks under the leadership of Morgan Guaranty.

During the year, the Office of Housing continued to follow a policy of encouraging maximum U.S. investor participation in the program through public advertisements and mailings.

Interest rates to the investor ranged from a 8.55% to 9 1/8 %, with 30 years the typical term of repayment.

Status Of Guaranty Programs



¹ Figures developed from Reports prepared by Washington Federal on L.A. housing projects and includes estimates on Worldwide housing projects.

Financial Report

Statement of Financial Condition as of June 30, 1975

Assets		
Funds with U.S. Treasury		\$48,205,792.53
Advances to Contractors		225,018.42
Accounts Receivable		746,829.70
Travel Advances		10,299.85
Prepaid Expenses		3,616.57
Subrogated Claims		1,664,719.27
TOTAL ASSETS		<u>\$50,856,276.44</u>
Liabilities & Net Worth		
Liabilities		
Accrued Expenses Payable	\$ 321,265.38	
Devaluation Reserve	— 0 —	
TOTAL LIABILITIES	<u>\$ 321,265.38</u>	
Net Worth		
Capital		\$47,042,916.00
Credit Guaranty Reserve (Sect. 222 A (e))		3,000,000.00
Cumulative Income (Beginning of Fiscal Year)		434,956.67
Net Income (Fiscal Year ended)		57,138.39
TOTAL NET WORTH		<u>\$50,535,011.06</u>
Total Liabilities & Net Worth		<u>\$50,856,276.44</u>

Statement of Income & Expenses for Fiscal Year 1975

Fee Income		
Latin America	\$2,236,804.50	
Other Regions	1,033,256.35	
Gross Income	<u>\$3,270,060.85</u>	
Operating Expenses		
Personnel Compensation		\$ 845,968.46
Contractual Services		1,805,102.17
Travel and Related Costs		182,208.40
Misc. Administrative Costs		136,455.25
Total Operating Expenses		<u>\$2,969,734.28</u>
Net Results of Current FY Operations		<u>\$ 300,326.57</u>
Non-Operating Expenses: Non-recoverable claims		(201,984.89)
Net Income for the Current FY		<u>\$ 98,341.68</u>
Prior FY Adjustments		(41,203.29)
Net Income from Funded Activity		<u>\$ 57,138.39</u>

Statement of Contract Issuing Authority as of June 30, 1975

I. Congressional Authority

A. Worldwide Housing Guaranties	
1. FAA 1969 (Section 221)	\$355,000,000
2. Prior Authority (See Section 223d)	\$ 25,100,000
B. Housing Projects in Latin American Countries (Section 222)	<u>\$550,000,000</u>
TOTAL CONGRESSIONAL AUTHORITY	<u>\$930,100,000</u>

II. Program Status

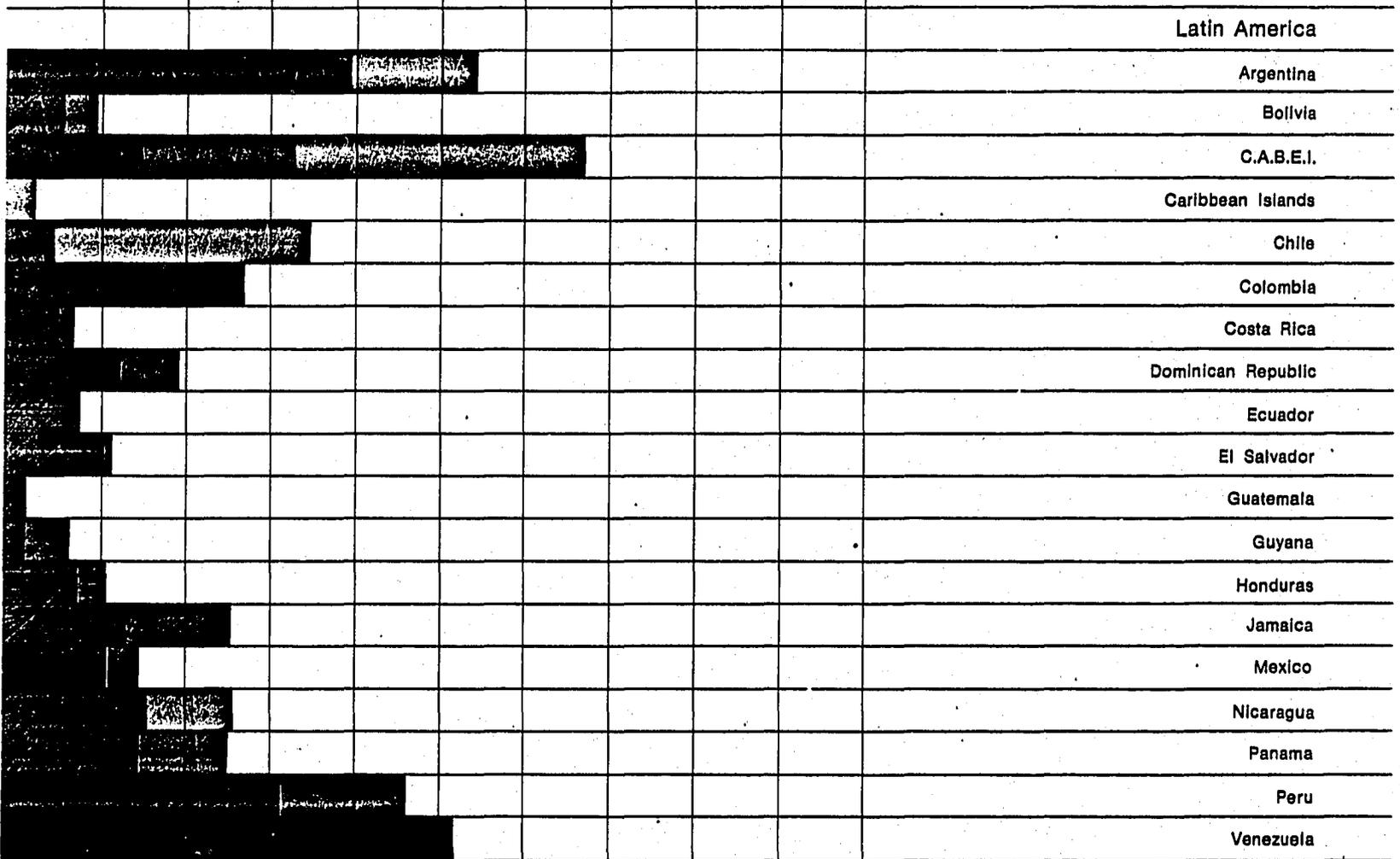
	No. of Projects	No. of Units	Dollar Amount
A. Total Projects Authorized			
1. Total Projects Authorized and Under Contract:			
Latin America	70	56,438	\$354,510,682
East Asia	4	5,566	39,755,000
Near East and South Asia	6	18,983	139,992,800
Africa	8	8,713	49,026,800
TOTAL	88	89,700	<u>\$583,285,282</u>
2. Total Projects Authorized Not Yet Under Contract:			
Latin America	4	20,983	\$ 90,600,000
East Asia	2	12,565	35,000,000
Near East and South Asia	1	—	20,000,000
Africa	2	6,200	15,000,000
TOTAL	9	39,698	<u>\$160,600,000</u>
3. Total Projects Authorized:	97	129,398	<u>\$743,885,282</u>
B. Total Authority Available:			
Latin America			\$104,889,318
Worldwide			81,325,400
TOTAL			<u>\$186,214,718</u>
C. Total Projects in Process Not Yet Authorized:			
Latin America	2		\$ 44,000,000
East Asia	—		—
Near East and South Asia	2		45,000,000
Africa	2		20,000,000
TOTAL	6		<u>\$109,000,000</u>

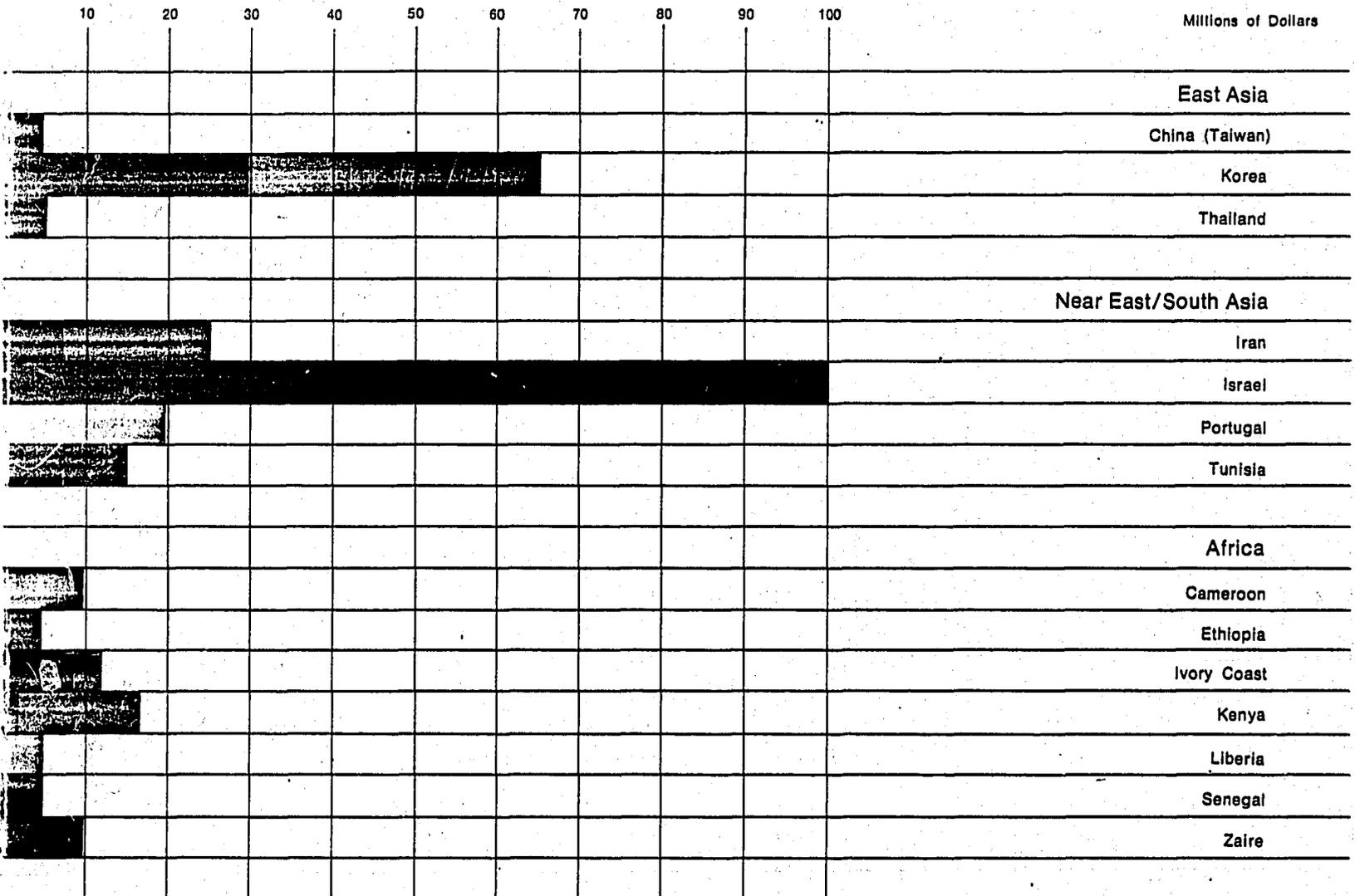
Country Information

 authorized
 contracted
 disbursed

10 20 30 40 50 60 70 80 90 100

Millions of Dollars





**A.I.D.
Activities**

A.I.D. has guaranteed U.S. investors in housing programs in 32 countries as shown on the map on these pages.
The chart on pages 12 and 13 shows the loan amounts authorized under contract and disbursed, country by country. The tables on pages 16, 17, 18, 19, and 20 give more detailed information on each project.

Thailand
China (Taiwan)
Korea

Iran
Ethiopia
Kenya
Zaire
Cameroon
Israel
Tunisia
Ivory Coast
Liberia
Senegal
Portugal

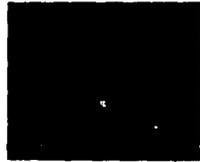
Jamaica
Honduras
Mexico
Guatemala
El Salvador
Nicaragua
Costa Rica
Panama

Caribbean Islands
Dominican Republic
Guyana
Venezuela
Colombia
Peru
Bolivia
Argentina
Chile
Ecuador

**Projects
Authorized
And
Under
Contract**

Latin America

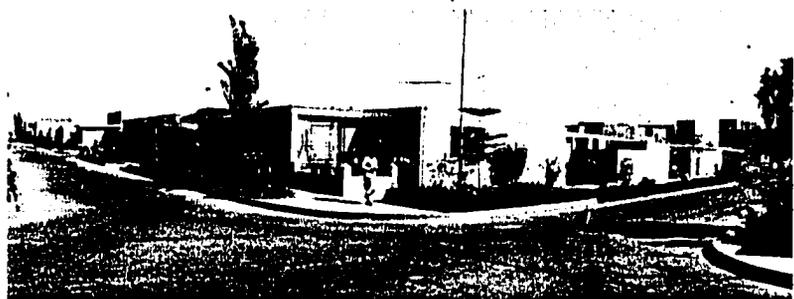
Project Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Argentina						
Field Arg.	510-HG-001	855	7,668-9,125	4,922,000	4,921,394	3,510,242
AIFLD	510-HG-003	1,867	6,835-11,120	13,000,000	13,000,000	11,675,692
SUPE/UPCN/UNIMEV	510-HG-004	932	3,000-4,950	6,800,000	6,800,000	5,416,848
B.H.N.	510-HG-005	3,920	2,201-11,766	10,000,000	10,000,000	9,743,378
UNIMEV-SITRA	510-HG-006/OC7	878	7,000-7,292	6,000,000	6,000,000	6,000,000
Totals		8,052		39,722,000	39,721,394	36,345,060
Bolivia						
Caja Central	511-HG-003	833	500-9,633	3,600,000	3,600,000	3,476,763
Los Pinos	511-HG-004	1,060	7,150-10,320	6,000,000	2,100,000	2,100,000
Totals		1,893		9,600,000	5,700,000	5,576,763
C.A.B.E.I.						
Central America	598-HG-001	2,558	1,830-8,924	10,000,000	10,000,000	9,651,462
Comunidad Modelo	598-HG-002/A	1,483	2,875-2,967	6,000,000	1,000,000	1,000,000
Viviendas Cooperativas	598-HG-002/B	800	5,000-6,500	6,000,000	—	—
Banco Centroamericano	598-HG-003	2,000	3,000-10,000	12,000,000	4,000,000	4,000,000
Totals		6,841		33,000,000	15,000,000	14,651,462
Chile						
La Libertad	513-HG-003	273	6,500	1,000,000	1,000,000	816,988
Concepcion	513-HG-004	470	6,000-6,773	1,690,000	1,690,000	1,501,658
INVICA	513-HG-005	492	6,225-7,099	2,000,000	2,000,000	1,718,608
Totals		1,235		4,690,000	4,690,000	4,039,254



PREVIOUS PAGE BLANK

Project/Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Colombia						
VIPASA	514-HG-001	1,578	5,677-7,770	8,179,000	8,178,084	4,041,437
La Esmeralda	514-HG-002	1,268	7,007-9,381	10,207,000	10,207,000	7,628,352
Castilla	514-HG-003	995	6,329-9,265	8,481,000	8,481,000	6,632,418
Totals		3,841		26,867,000	26,866,084	18,302,207
Costa Rica						
Desarrollo Urbano	515-HG-003	479	3,928-4,662	2,000,000	1,999,992	1,792,752
Jardines De Tibas, S.A.	515-HG-004	414	5,451-6,909	2,500,000	1,758,780	1,728,931
INVECO, S.A.	515-HG-005	440	7,909-9,140	2,100,000	1,272,834	1,266,594
Totals		1,333		6,600,000	5,031,606	4,788,277
Dominican Republic						
COINFO	517-HG-003	348	9,860-10,250	3,400,000	3,331,690	1,989,812
La Agustina	517-HG-005	354	7,077-8,424	2,135,000	2,118,036	1,651,426
B.N.V.	517-HG-006	1,144	4,198-16,653	6,000,000	6,000,000	5,600,628
FALCONDO	517-HG-007	500	7,504-7,965	3,500,000	257,000	257,000
B.N.V.	517-HG-008	700	6,500-11,391	4,000,000	700,000	700,000
Totals		3,046		19,035,000	12,406,726	10,198,866
Ecuador						
La Chala	518-HG-003	359	3,109-4,634	1,400,000	1,396,726	1,301,555
B.E.V.	518-HG-004	1,325	1,256-9,018	6,000,000	6,000,000	6,000,000
Totals		1,684		7,400,000	7,396,726	7,301,555
El Salvador						
Miramonte	519-HG-001	459	9,812-10,766	4,493,000	4,492,935	2,699,060
Jardines de Guadalupe	519-HG-002	498	7,800-11,996	4,556,250	4,478,443	3,654,559
Viviendas Cooperativas	519-HG-005	414	7,000-8,364	2,000,000	1,472,214	1,394,327
Totals		1,371		11,049,250	10,443,592	7,747,946
Guatemala						
Banco Inmobiliario	520-HG-003	395	5,500	1,500,000	1,500,000	1,423,956
Totals		395		1,500,000	1,500,000	1,423,956
Guyana						
AIFLD	504-HG-001	363	3,705-5,095	2,000,000	1,195,935	941,716
MacKenzie	504-HG-002	100	6,400-7,812	4,000,000	417,545	396,757
Totals		463		6,000,000	1,603,480	1,338,473
Honduras						
Miraflores	522-HG-001	762	3,350-6,272	2,878,732	2,868,315	1,750,175
Jardines Loarque	522-HG-002	327	3,523-6,248	1,502,600	1,502,600	967,706
Composa Colonia Rio Grande	522-HG-002/B	117	7,431-9,425	4,000,000	827,813	796,850
FEHCOVIL	522-HG-004	400	5,969-6,068	2,200,000	2,166,057	2,114,345
Totals		1,606		10,581,332	7,364,785	5,629,076
Jamaica						
Independence City	532-HG-001/I	969	6,547-8,935	6,318,000	6,317,553	5,110,467
Independence City	532-HG-001/II	164	7,865	1,182,000	1,109,460	1,057,585
Ensom City	532-HG-002	604	7,032-9,750	5,102,000	5,018,849	4,604,039
Montego Bay	532-HG-008	500	17,707	3,000,000	226,656	226,656
Jamaica Mortgage Bank	532-HG-009	1,000	12,000	10,000,000	500,000	500,000
Totals		3,237		25,602,000	13,172,518	11,498,747
Mexico						
AIFLD—J.F.K.	523-HG-004	2,931	3,440-7,000	10,000,000	10,000,000	6,320,237
Matamoros	523-HG-006	122	5,268-6,565	4,500,000	760,032	621,076
Totals		3,053		14,500,000	10,760,032	6,941,313

Project/ Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Nicaragua						
El Porvenir	524-HG-001	757	8,110-10,322	6,928,000	6,924,914	5,260,298
B.N.V.	524-HG-002A	834	500-8,500	4,000,000	4,000,000	3,883,875
B.N.V.	524-HG-003	660	7,500	5,000,000	5,000,000	5,000,000
Totals		2,251		15,926,000	15,924,914	14,144,173
Panama						
La Gloria	525-HG-002	386	8,500-8,600	2,953,000	2,952,900	2,018,043
Corindag	525-HG-003/I	283	7,201-9,194	1,484,000	1,483,513	1,281,049
Corindag	525-HG-003/II	318	8,015-12,339	2,016,000	1,991,886	1,939,387
Villa Catalina	525-HG-004	121	8,381-9,500	3,000,000	982,834	910,061
Viviendas Nacionales	525-HG-005	323	7,292-10,925	3,000,000	2,881,080	2,783,241
CATIVA	525-HG-006	291	13,400	3,500,000	—	—
BHN	525-HG-007	1,000	up to 10,000	9,000,000	4,500,000	4,500,000
Totals		2,722		24,953,000	14,772,213	13,411,781
Peru						
Apollo	527-HG-001/I	405	4,605	1,190,000	1,189,713	504,669
Apollo	527-HG-001/II	405	5,489	1,024,000	1,023,261	660,689
Jardines Viru	527-HG-002	898	6,230-7,207	3,826,000	3,825,776	2,682,128
VIPSE	527-HG-003	1,049	6,083-11,488	8,701,000	8,700,339	6,893,256
Salamanca	527-HG-004	506	3,773-5,178	2,300,000	2,299,366	1,569,887
Alto de Luna	527-HG-006	132	4,387-6,315	700,000	604,421	517,587
Trujillo B.V.P.	527-HG-005/008	4,163	5,683-9,646	28,281,000	13,981,000	13,932,660
Totals		7,558		46,022,000	31,623,876	26,560,874
Venezuela						
Guacara I	529-HG-001	724	10,793	6,294,000	6,293,840	3,187,487
INRESA	529-HG-002	425	7,123-19,128	4,715,000	4,714,272	3,105,929
Puerto Ordaz	529-HG-003	147	11,444-14,811	1,854,000	1,853,933	1,264,821
Ciudad Alianza	529-HG-003-B	525	7,500-7,749	2,910,000	2,909,408	2,330,142
Guacara II	529-HG-005	80	10,793	778,000	777,104	433,126
CORACREVI	529-HG-006	815	6,000-10,000	5,912,100	5,912,076	5,036,985
Flor Amarillo	529-HG-008	519	6,022-8,372	3,000,000	2,890,029	2,504,853
BANAP	529-HG-012	1,996	8,442-11,905	20,000,000	20,000,000	19,193,195
INVICA	529-HG-013	926	9,300-9,707	6,000,000	6,000,000	5,932,483
Totals		6,157		51,463,100	51,350,682	42,989,021
Total All Projects		56,438		354,510,682	275,328,608	232,888,904



East Asia

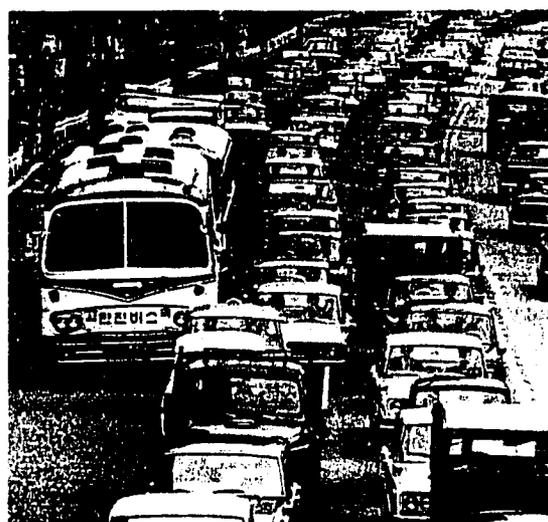
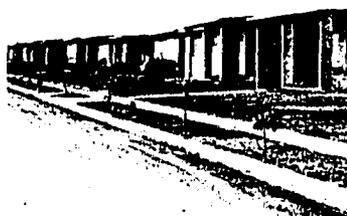
Project/Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Republic of China Union Villa II	484-HG-001,2,3	<u>1,064</u>	<u>4,500-5,593</u>	<u>4,794,000</u>	<u>4,793,417</u>	<u>3,677,438</u>
Korea						
KHC	489-HG-001	1,490	9,000	10,000,000	10,000,000	10,000,000
KHC #2	489-HG-002	<u>2,335</u>	<u>5,500-8,500</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Totals		<u>3,825</u>		<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Thailand						
Sol Nuj	493-HG-002,A,B,C	<u>677</u>	<u>5,347-7,022</u>	<u>4,961,000</u>	<u>4,960,149</u>	<u>3,754,992</u>
Total All Projects		<u>5,566</u>		<u>39,755,000</u>	<u>39,753,566</u>	<u>37,465,298</u>

Near East and South Asia

Project/Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Iran						
IDRO	265-HG-001	<u>5,500</u>	<u>3,961-8,351</u>	<u>25,000,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
Israel						
TEFAHOT	271-HG-001	8,596	12,000-16,000	50,000,000	50,000,000	50,000,000
Ministry of Finance	271-HG-002	2,374	13,900	25,000,000	25,000,000	25,000,000
Ministry of Finance	271-HG-003	—	—	25,000,000	25,000,000	25,000,000
Totals		<u>10,970</u>		<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Tunisia						
Cite Carnoy	664-HG-001	565	8,810-16,000	4,992,800	4,992,798	3,894,862
SNIT	664-HG-002	<u>1,948</u>	<u>2,726-20,750</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Totals		<u>2,513</u>		<u>14,992,800</u>	<u>14,992,798</u>	<u>13,894,862</u>
Total All Projects		<u>18,983</u>		<u>139,992,800</u>	<u>122,492,798</u>	<u>121,394,862</u>

Africa

Project/Country	Number	Number of Units	Price Range	Amount Authorized	Amount Disbursed	Balance 6/30/75
Ethiopia						
Bole	663-HG-001	171	6,957-12,721	5,000,000	1,541,202	1,449,930
Ivory Coast						
Cite Fairmont	681-HG-002	391	4,781-12,975	2,032,800	2,032,792	1,627,642
SOCEFIHA	681-HG-002	2,200	5,518-9,401	10,000,000	6,300,000	6,300,000
Totals		2,591		12,032,800	8,332,792	7,927,642
Kenya						
NCC Kimathi Estate	615-HG-001	345	5,810-6,440	1,994,000	1,993,073	1,800,183
Nairobi City Council	615-HG-003	2,800	3,200-4,350	10,000,000	—	—
Nat. Housing Corp.	615-HG-004	1,400	3,500	5,000,000	—	—
Totals		4,545		16,994,000	1,993,073	1,800,183
Senegal						
Patte d'Oie	685-HG-001	671	6,232-9,240	5,000,000	4,999,997	4,304,565
Zaire Republic						
CNECI	660-HG-001	735	9,500-17,900	10,000,000	8,500,000	8,500,000
Total All Projects		8,713		49,028,800	25,367,064	23,982,320



Policy Statement

Shelter Program Objectives

AID's goal in the shelter sector is to assist LDCs develop the institutional, technological, and financial capacity to provide shelter under reasonable conditions for all levels of society, with emphasis on government actions to meet the needs of the poor. The Housing Guaranty Authority provides for substantial resource transfers to developing nations. The magnitude of the resources made available through the world's largest international housing program calls for its full integration and coordination with other AID development objectives and programs. Reasonable shelter is an essential element in the improvement of the quality of life for the poorest majority.

Given the unique characteristics of AID's Housing Guaranty Authority, it should be the preferred resource used to assist LDCs meet their housing needs; however, development loan and development grant resources may and should be utilized selectively when they will contribute to AID's shelter objectives. All shelter projects, irrespective of the source of financing, should be programmed as an integral element of AID annual country programming.

AID's shelter activities will give the highest priority to undertakings submitted by host governments which clearly lead to the improvement in the lives of the poorest of their people. To the extent possible, AID shelter resources—grant, loans and guaranties—will be invested in projects either directly benefitting low income groups (i.e., the poorer half of a given country or city urban population), or indirectly benefitting such groups through the development of national housing policy and housing institutions. Because of policy and practical constraints within some developing countries, it is not feasible to shift all housing guaranty investment resources immediately into direct financing of projects for poor families. However, an increased proportion of housing guaranty financing will be used for projects that directly benefit low income groups.

A priority objective of AID's shelter strategy is to help the LDCs develop their capabilities for analyzing their housing requirements and developing plans and policies that meet these requirements. By assisting LDCs formulate a rational housing policy which addresses the needs of all citizens, AID will encourage increased attention to the needs of the poor. As an integral part of negotiation for AID assistance, the Agency will discuss with the LDC its general housing strategy and alternative means of improving the living conditions of poor people.

AID programs will also assist developing countries in creating and strengthening the necessary institutional framework to implement their shelter policies. Given the magnitude of the need and the relatively small amount of resources available, AID assistance should have a strong multiplier effect. By building shelter finance institutions capable of replication on a large scale and encouraging technical and financial innovations, the effect of small resource allocations will be substantial.

AID shelter assistance will be used to encourage maximum use of unutilized resources (e.g., institutions which mobilize idle savings, encourage self-help housing, and optimize the use of unemployed labor), while minimizing the drain on scarce resources (e.g., existing savings or imports).

AID will help the developing countries examine alternative interest rate policies. Artificially low interest rates may reduce the flow of private capital into home financing, and exacerbate the scarcity of housing investment funds for lower income groups; whereas, rent payments may reflect returns on capital far in excess of prevailing interest rates (e.g., from 30% to 100% per annum). Public resources are generally inadequate to provide interest subsidies to a substantial number of poor people, and for such families, at non-subsidized rates, their monthly outlays for a home would

be less than their current rental payments. Although charged with political sensitivities, interest rate policy is an important subject for an LDC/AID dialogue.

AID will assist LDCs in meeting the minimum shelter requirements of poor families with the limited resources available by:

—Advising on the establishment of housing standards that assure the minimum requirements of health and safety and enable the construction of shelters that the poor can afford.

—Supporting the "sites and services" approach, which provides poor families with homesites in new tracts of urbanized land with basic supporting infrastructure services on which to build a shelter with their own labor.

—Providing technical assistance in order to develop viable institutions to mobilize savings and provide small credits to families for financing acquisition of their homesites, purchase of building materials, or construction of a core house.

—Assisting the developing countries to adapt new housing materials and construction technology to reduce costs or improve the performance of low-cost housing, using United States research and technical capacity that is applicable to LDCs.

In discussions with LDCs, AID will give careful attention to the effect of home finance institutions on aggregate savings. AID will encourage projects that provide incentives for families to save more than they otherwise would, and that contribute to the development of capital markets and monetization of household savings.

These criteria will apply to projects for reconstruction of housing destroyed in a national disaster to the extent possible, and wind or earthquake resistant features will be incorporated into replacement housing, whenever feasible.

Subject to competing research needs, AID may fund from grant, loan, or guaranty fee income research on shelter sector policy and technological problems of current concern to developing countries. Priority will be accorded to research with worldwide application.

Cooperation With Other Organizations

AID will encourage an interchange of experience and information among those domestic and international organizations concerned with the shelter sector in LDCs, with particular emphasis on housing policy, institutional development, and the problems of meeting low income shelter requirements.



AID is prepared to consider supplementing the housing activities of the World Bank or other donors with its own resources when requested by the host country.

Programming Shelter Activities

AID assistance to developing countries in the shelter sector will respond to the social and developmental priorities of individual applicants.

The identification of shelter needs, the design of projects and programs will be fully integrated with AID's country programming. The Housing Guaranty Program will be fully incorporated into the AID budget review process, the justifications to OMB, and the Congressional Presentation.

Development grant and loan funds available under Section 106 of the Foreign Assistance Act of 1973 may be used in support of direct financing of housing for low income families. SER/H will work closely with the Central and Regional Bureaus and Missions to identify opportunities for the use of development loans and grants and to assist in the design of projects. The Bureaus will allocate a portion of Section 106 funds and propose projects where one or more of the following criteria are satisfied. The grant or loan will:

—Enhance the effectiveness of housing guaranty funds in reaching low income families.

—Enable technical advisory services to help LDC governments formulate national housing policies that respond to the needs of low income families.

—Assist in the design of projects that will directly finance low-cost housing.

—Facilitate the acceptance by borrowers of the concept of non-subsidized low-cost housing.

—Develop models and demonstration of low-cost housing and financial institution-building responsive to the needs of low income groups.

Country Eligibility for Housing Guaranty Loans

Housing guaranty investments are a useful means of transferring private U.S. resources to developing countries which are able to service an increasing volume of foreign loans at prevailing market interest rates, but are experiencing difficulty gaining access as newcomers to the long-term private capital markets. The housing guaranty loan is especially well-suited to the needs of countries in which concessional loans are being phased out.

A prerequisite for authority to begin negotiation of a housing guaranty loan is a determination by the country Mission (or Embassy) and the region concerned that the housing guaranty loan will contribute to social and developmental objectives of the borrower. This determination should be obtained at the "Approval-In-Principle" or IRR stage. High

income developing countries which are rapidly accumulating reserves and already have ready access to the long-term private capital markets are generally not eligible for housing guaranty loans, except when the Regional Bureau determines that special considerations otherwise justify a guaranty. Very low per capita income countries (including the least developed countries) which will continue to require concessional aid for an indeterminate period are generally not suited for housing guaranty loans, unless compelling circumstances justify.

The eligibility of countries for housing investment guaranty loans will be determined on a case-by-case basis at the time a request for HIG assistance is received and will be based upon an analysis of the country balance of payments prospects, debt servicing capability, and development investment needs.

As in the past, AID will, in the future, consider sympathetically requests for assistance for shelter reconstruction following national disasters (i.e., an earthquake or flood).

John E. Murphy
Acting Administrator

Oct 22, 1974

1961 Congress originated the A.I.D. Housing Guaranty Program in the Foreign Assistance Act of 1961 to encourage demonstration housing projects in Latin America. The initial guaranty authority of \$10 million was increased to \$250 million by 1964.

1965 The year 1965 marked an important milestone in the program's development. At the request of A.I.D., Congress expanded the program to include institution-building components, which have since been central to the program's activities, and authorized issuance of guaranties outside of Latin America. Congress voted \$150 million additional authority for Latin America.

Simultaneously, a Housing and Urban Development Division was created within the Latin America Bureau of A.I.D.

That same year the first housing guaranty project outside of Latin America was authorized. Subsequently, guaranties totaling \$25.1 million were authorized for six projects in the Far East and Africa.

1969 Congress voted \$130 million additional authority to initiate a new world-wide program outside of Latin America. A.I.D. created a new centralized Office of Housing, utilizing the Latin American staff as its nucleus, to carry out the expanded responsibilities.

1970 The Office of Housing was organized under the Assistant Administrator for Program and Management Services and began its world-wide operations.

1973 A.I.D. adopted a Shelter Sector Strategy, which defined its role in housing and other shelter problems and identified the roles and relationships of the Office of Housing and other A.I.D. offices in its implementation.

**Foreign
Assistance
Act
Of
1969**

**Title III—Housing and Other Credit
Guaranty Programs**

Sec. 221. Worldwide Housing Guaranties.—In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programs of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities, the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors as defined in section 238(c), assuring against loss of loan investments for self-liquidating housing projects. The total face amount of guaranties issued hereunder, outstanding at any one time, shall not exceed \$355,000,000. Such guaranties shall be issued under the conditions set forth in section 222(b) and section 223.



Sec. 222. Housing Projects in Latin American Countries.—(a) The President shall assist in the development in the American Republics of self-liquidating housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors, as defined in section 238(c), assuring against loss of loan investment made by such investors in—

(1) private housing projects in Latin America of types similar to those insured by the Department of Housing and Urban Development and suitable for conditions in Latin America;

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;



(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private programs; or

(5) housing projects in Latin America, 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from

sources outside Latin America which projects shall, to the maximum extent practicable, have a unit cost of not more than \$8,500.

(c) The total face amount of guaranties issued hereunder or heretofore under Latin American housing guaranty authority repealed by the Foreign Assistance Act of 1969, outstanding at any one time, shall not exceed \$550,000,000: Provided, That \$325,000,000 of such guaranties may be used only for the purposes of subsection (b)(1).

Sec. 223. General Provisions.—(a) A fee shall be charged for each guaranty issued under section 221, 222, or 222A in an amount to be determined by the President. In the event the fee to be charged for such type guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) The amount of \$50,000,000 of fees accumulated under prior investment guaranty provisions repealed by the Foreign Assistance Act of 1969, together with all fees collected in connection with guaranties issued hereunder, shall be available for meeting necessary administrative and operating expenses of carrying out the provisions of section 221 and section 222 and

of prior housing guaranty provisions repealed by the Foreign Assistance Act of 1969 (including, but not limited to expenses pertaining to personnel, supplies, and printing), subject to such limitations as may be imposed in annual appropriation Acts; for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221 or section 222 or heretofore pursuant to prior Latin American and other housing guaranty authorities repealed by the Foreign Assistance Act of 1969; and to pay the cost of investigating and adjusting (including costs of arbitration) claims under such guaranties; and shall be available for expenditure in discharge of liabilities under such guaranties until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this subsection.



(c) Any payments made to discharge liabilities under guaranties issued under section 221 or section 222 or heretofore under prior Latin American or other housing guaranty authorities repealed by the Foreign Assistance Act of 1969, shall be paid first out of fees referred to in subsection (b) (excluding amounts required for purposes other than the discharge of liabilities under guaranties) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payment made to discharge liabilities under such guaranties as long as funds are available, and finally out of funds hereafter made available pursuant to subsection (e).

(d) All guaranties issued under section 221, 222, 222A, or previously under section 240 of this Act or heretofore under prior Latin American or other housing guaranty authority repealed by the Foreign Assistance Act of 1969 shall constitute obligations, in accordance with the terms of such guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

(e) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

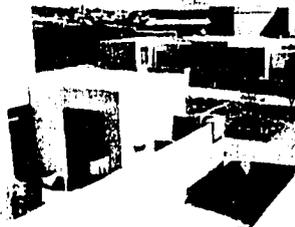
(f) In the case of any loan investment guaranteed under section 221 or section 222, the agency primarily responsible for administering part I shall prescribe the maximum rate of interest allowable to the eligible investor, which maximum rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the agency prescribe a maximum allowable rate of interest which exceeds by more than 1 per centum the then current

rate of interest applicable to housing mortgages insured by such Department. The maximum allowable rate of interest under this subsection shall be prescribed by the agency as of the date the project covered by the investment is officially authorized and, prior to the execution of the contract, the agency may amend such rate at its discretion, consistent with the provisions of subsection (f).

(g) Housing guaranties committed, authorized, or outstanding under prior housing guaranty authorities repealed by the Foreign Assistance Act of 1969 shall continue subject to provisions of law originally applicable thereto and fees collected hereafter with respect to such guaranties shall be available for the purposes specified in subsection (b).

(h) No payment may be made under any guaranty issued pursuant to this title for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

(i) The authority of section 221 and section 222 shall continue until June 30, 1976.



**Agency
For
International
Development**

Washington, D.C. 20523

Administrator

Daniel Parker

Deputy Administrator

John E. Murphy

**Assistant Administrator for Program
and Management Services**

Charles A. Mann

Office of Housing

Peter M. Kimm, Director

Donald A. Gardner, Deputy Director

Edmond Hoben, Contract

Administrator

Agnes A. Fitzgibbon, Staff Assistant

Sandra Morris, Secretary

Policy & Program Staff

Sean Walsh, Chief

Frank Dimond, Housing Finance
Officer

Daniel Driver, Housing Program
Officer

Judith Wilson, Secretary

Latin American Operations

C. Richard Zenger, Chief

Mario Pita, Regional Housing Officer

Paul Vitale, Regional Housing Officer

Nina Andrea, Secretary

Regina Whitlock, Secretary

Asia/NESA Operations

Ronald G. Russell, Chief

Carl Heffley, Regional Housing
Officer

Paul Holmes, Regional Housing
Officer

Carolyn Boddie, Secretary

Africa Operations

George R. Hazel, Acting Chief

Layton F. MacNichol, Regional
Housing Officer

Elizabeth Fralick, Secretary

Technical Division

J. David McVoy, Assistant Director,
Technical Services

Robert Freed, Housing Cost Analysis
and Control Officer

John Colby, Housing Development
Specialist

Tina Daquer, Secretary

Legal

Barton Veret, Assistant General
Counsel for Housing

Edward R. Hyde, Attorney-Advisor

Barbara Clary, Secretary

Financial

Steve Papas, Chief, Housing
Guaranty Accounting Branch

Earl Taylor, Accountant

Joyce Fuller, Secretary

**Regional Housing and Urban
Development Office**

Tegucigalpa, Honduras (ROCAP)

John Kilgore, Chief

Fredrik Hansen

**Regional Housing and Urban
Development Office**

Nairobi, Kenya

William N. Goodson, Chief

**Regional Housing and Urban
Development Office**

Abidjan, Ivory Coast

Albert N. Votaw, NSLL