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NATIONAL HOUSING POLICY

FOR HONDURAS

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F O R E W O R D

During the summer of 1975, the AID Regional Housing Office in Tegucigalpa, together with its consultant, Planning and Development Collaborative (PADCO), contacted the five Central American countries to determine the degree of interest in the formulation of a national housing policy. The most positive response came from Honduras, where there were also UN-funded advisors working on housing policy.

During the latter part of 1975, the decision was made to proceed, and an organization was established for developing the policy. A policy committee was created, formed by the head of the National Economic Planning Office (CONSUPLANE), the Director of the National Housing Institute (INVA) and the Executive President of the National Housing Bank. This committee met infrequently to consider policy level questions, and ultimately approved the National Housing Policy as developed.

A coordinating committee was also created, with representation from the institutions forming the policy committee as well as from the Board of Social Welfare, the Cooperative Housing Federation, the Camara de la Construcción, the Urban Planning Board of the Ministry of Public Works, the City Council of Tegucigalpa and other entities involved in the housing sector. AID, UN and OAS technical advisors also participated in the work of the committee.

It had been intended to form a technical group to perform the day-to-day work of data gathering, analysis, and report writing, but this group was never organized. In effect, its function was performed by the coordinating committee, which met on a weekly basis during the first half of 1976. The policy was developed on a "volunteer" basis. No budget was approved for its preparation. The housing section of CONSUPLANE provided the secretariat, but substantial assistance outside the committee meetings was provided by the other members and staffs. A minimum of data analysis was performed, but the members of the coordinating committee all had extensive experience in housing programs, and a good, practical, "seat-of-the-pants" housing policy was developed.

Periodic consultation visits were made by PADCO under its contract with AID. In December, 1975, recommendations were made on program and budget, and manpower requirements. As it developed, these were not followed due to lack of funds for this purpose. In August, 1976, PADCO analyzed the work of the coordinating committee and recommended the implementation of several specific projects concurrently with the continuation of policy development. To some extent, this recommendation was followed, and the National Housing Coordinating Committee and the sites and services program have emerged.

In February, 1977, PADCO consultants met with the members of the policy committee, and at this time the framework for the National Housing Policy was officially approved. At that time, they stressed the importance of proceeding with the development of a National Housing Plan, which would provide implementation details and specific quantities to the policy guidelines and would be articulated with other sector plans in the forthcoming National Five-Year Development Plan.

Subsequently, in May, 1977, PADCO conducted a seminar, attended by 25 participants from all the institutions involved in housing and urban development, which outlined the concept and content of the policy and provided guidelines and methodology for the preparation of the National Housing Plan.

The accompanying report is the end result of the coordinating committee's activities. It was prepared in late 1976 and, as noted above, was approved in February 1977 by the policy committee. Since that time, it has received the approval of the Council of Ministers. CONSUPLANE is now (January 1978) engaged in preparing a more detailed data base and in formulating the National Housing Plan. The policy committee has been given permanent status by Presidential Decree as a National Housing Coordinating Committee.

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G L O S S A R Y O F A C R O N Y M S

- BANMA - Banco Municipal Autónomo
(Autonomous Municipal Bank)
- BCIE - Banco Centroamericano de Integración Económica
(Central American Bank for Economic Integration)
- CEDEN - Comité Evangélico de Emergencia Nacional
(National Evangelical Emergency Committee)
- CONADI - Corporación Nacional de Inversiones
(National Investment Company)
- CONSUPLANE- Consejo Superior de Planificación Económica
(National Economic Planning Office)
- DC - Distrito Central
(City Government of Tegucigalpa)
- DGU - Dirección General de Urbanismo
(Directorate General of Urbanism)
- ENEE - Empresa Nacional de Energía Eléctrica
(National Electric Energy Authority)
- FEHCOVIL - Federación Hondureña de Cooperativas de Vivienda
(Honduran Housing Cooperative Federation)
- FINAVI - Financiera Nacional de la Vivienda
(National Housing Bank)
- FUNHDESA - Fundación Hondureña de Desarrollo
(Honduran Development Foundation)
- INA - Instituto Nacional Agrario
(National Agrarian Institute)

- INFOP - Instituto de Formación Profesional
(National Technical Training Institute)

- INVA - Instituto de la Vivienda
(National Housing Institute)

- JNBS - Junta Nacional de Bienestar Social
(National Social Welfare Board)

- SANAA - Servicio Nacional de Acueductos y Alcantarillados
(National Water and Sewer Authority)

- SECOPT - Secretaría de Comunicaciones Obras Públicas y Transporte
(Secretariat (Ministry) of Communications, Public Works
and Transportation)

- SNAP - Sistema Nacional de Ahorro y Préstamo
(National Savings and Loan System, directed by FINAVI)

1 Lempira = \$0.50

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HOUSING POLICY

SYNTHESIS OF THE FRAME OF REFERENCE

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* Only Annex 1 appears in the translation

I N T R O D U C T I O N

As a result of work undertaken by the Coordinating Committee, after outlining the Sector's present characteristics and identifying the main factors that in the past hindered its development, to date it has been possible to define the features of strategic alternatives or options, contained in ten basic documents of the Frame of Reference for the formulation of a Policy and, simultaneously, a considerable advance in the gathering of pertinent information.

The present document contains the Synthesis of the Frame of Reference which consists of five chapters in which, in their order, guidelines of the Policy are outlined as follows:

1.- Compatibility with the National Development Plan

Wherein consideration is given to the characteristics and priorities of the National Development Plan which have direct bearing on the Policy, the specific objectives of the Plan for the Housing Sector, measures that are derived from them and the Sector's outlook in the light of the role corresponding to it.

2.- Needs, Objectives and Priorities of the Housing Policy

Wherein consideration is given to the present situation of housing on the basis of quality, income distribution, housing production and the need to cover the minimum deficit, review of the supply and demand of housing in relation to the origin and destination of investments real purchasing power and the priorities and objectives in accordance with the principles of the National Development Plan.

3.- Institutional, Structural and Administrative Framework

Wherein consideration is given to the Sector's present functioning in accordance with the roles of the entities; the sector's institutional alternatives and the alternative to be implemented; and the delimitation of institutional functions and scopes in the implementation of a Housing Policy, in relation to income levels, systems of operation geographic locations and financing systems.

4.- Economic and Financial Aspects of the Housing Policy

Wherein consideration is given to housing and economic development in accordance with the implications of the role assigned to the Sector; national financial structure for housing, according to the generation of resources, their canalization and the results of their utilization, the existing mechanisms for housing financing and those which are deemed necessary to be established.

5.- Technical Factors Affecting the Implementation of the Housing Policy

Wherein consideration is given to: Spatial frame of development and the Housing Policy; construction technology and the needs for regulation and norms; and the adequate design of houses.

As a complement to the synthesis, five Annexes* are included which correspond to those actions that have been defined as priority in the continuation of efforts tending to the formulation of the Housing Policy and its implementation, after the conclusion of the work phase that ends with this present document's submittal. The Annexes deal with:

- a) The creation of the National Housing Committee.
- b) The feasibility study and creation of a Land Bank.
- c) Study and implementation of a National Program of Sites and Services.
- d) The feasibility study and creation of a Social Fund for Housing.
- e) Study and creation of Mechanisms for Emergency Programs

* Only Annex 1 appears in this translation

CHAPTER I

COMPATIBILITY WITH THE NATIONAL DEVELOPMENT PLAN

1. General

Within the set of principles, objectives, features and goals defined in the National Development Plan, certain characteristics and priorities are defined which have direct bearing on the National Housing Policy.

Among these, three important propositions should be stressed:

- a) The emphasis on the integrated concept of economic growth and social development, which presents housing not only as a product of social consumption, but also as an instrument for social development.
- b) Social objectives require a more equitable distribution of income for the population as a whole, which emphasizes housing as an instrument with great potential for achieving this objective.
- c) The proposition of a more decisive action of the public sector in expediting social and economic development indicates that through housing plans and programs the government can channel varied activities tending to expand social and economic benefits on a massive scale.

In regard to specific objectives for the housing sector, the Plan^{1/} establishes several propositions which are reproduced here as a conceptual outline:

- Reduce the housing deficit with systematic and increasing investments from the public and private sectors for housing projects.
- Reduce the situation of overcrowding with the construction of houses which take into account the family size in order that these may have the number of rooms that allow an approximation to the internationally accepted ratio of two persons to each room.
- Improve the structural quality of Honduran housing, using the most adequate materials that will supply the houses with minimum environmental hygienic conditions and a sufficiently long useful life span.
- Improve the condition of houses which lack basic services of electricity, water, sewer, access roads and collection and disposal of solid wastes.
- Combat urban marginality by the implementation of mass housing programs with supervised participation of the beneficiaries' labor and with technical and credit assistance, that permit the acquisition

^{1/} CONSUPLANE , Synthesis of the National Development Plan, 1974-1978 Chapter XII.

- of better homes by the low-income strata who have thus far been outside the housing market.
- Promote the utilization of the rural labor force in periods of underemployment or unemployment in the construction of houses in a massive scale under the system of aided self-help, promote the use of indigenous construction materials and the training of labor for the construction industry, both in urban and rural areas.
- Endeavor to effectively channel the public and private sector efforts in the field of housing, establishing institutional mechanisms to that end. In this respect, efforts will be made to maximize the private sector's participation in housing projects for medium and medium-low income families.
- Promote the attraction of savings and the financing of homes on a long-term basis for medium and medium-low income families, through the establishment of adequate financial mechanisms and incentives to private initiative, in order that it may participate in this field.
- Contribute to the orderly growth of cities, by means of housing projects that are in accordance with the physical planning indicated by Master Plans and with the zoning and subdivision regulations adopted for the urban centers.

These propositions point out a range of general measures of a socio-economic or physical nature whose updating, ordering and implementation require a series of inter-disciplinary activities to make them consistent with the Frame of Reference prepared by the Policy Coordinating Committee.

On the other hand, evaluations carried out during the last two years show a limited degree of compliance with the aforementioned objectives. Some of these remain as mere formulations of purpose, some actions have not been taken, physical and investment goals have only partially been met and public awareness of the magnitude of the housing problem has not been achieved.

The main deficiencies detected by the evaluations may be summarized as follows:

- a) The lack of an adequate institutional, judicial and financial framework, capable of generating the data, coordination and political support necessary to implement the housing programs contemplated.
- b) Failure to integrate housing with physical programs relative to regional, rural and urban development.
- c) The lack of coordination between the public and private sectors in regard to the utilization of limited available resources; private enterprise, principal actors in the sector, do not follow the Plan in regard to the coverage of low income groups.

- d) The fluctuations and stagnation of investments for housing have not permitted a significant increase in production by public and private agencies. The so-called "informal" sector, both rural and urban, continues to be responsible for the production of the greatest number of dwellings in the country.
- e) The lack of land reserves to maintain the continuity of projects in the medium-term
- f) The need to review norms and standards of design and construction to adapt them to the lowest income levels and to permit the expansion of coverage to include the most needy social groups.
- g) The lack of data regarding the housing market situation; entrepreneurial, public and informal, as well as their relations with the construction industry and the producers of construction materials.

This situation stems from deficiencies inherent to the executing agencies, from an over-estimation of financial resources, from the negative effects to the economy and the housing stock caused by Hurricane Fifi, from the low priority given to the sector as compared with more productive areas and from insufficient financial and coordination mechanisms.

In this respect, during the past two years the Government has taken a series of steps to expedite the implementation of measures leading to the achievement of the objectives already mentioned. These steps include the implementation of FINAVI (the National Housing Finance entity); the inception of the first institutional plan for rural housing; and several technical assistance programs for sector entities; all of which have served to some extent to remove the deficiencies pointed out in items b), c) and f) above; to the formulation of a Housing Policy designed as a strategic platform on which plans, programs and future projects will rest, within a unity of purpose and an integral concept of global planning.

2. The Sector Outlook

Probably one of the main obstacles to the implementation of a Housing Policy lies in the distorted image of the important part played by the Sector in economic and social development, in terms of the direct stimulation it affords in the areas of production, the creation of jobs and savings and its repercussion on social aspects such as health, education and welfare, all of which are essential to improving the standard of living of the Honduran people.

It is not intended therefore to continue treating housing as one more element of the social welfare package in which the State's limited resources are allotted in a dispersed and isolated manner among a few beneficiaries without causing a real impact; much less is it intended to postpone specific

actions until such time as the country has achieved a certain degree of economic growth and the corresponding effective demand for housing is created.

The consequences of an increase in poor housing conditions and in the low production of the Sector are notorious. On the one hand, in Tegucigalpa and San Pedro Sula, the proliferation of slums, shanty dwellings and improvised houses has acquired alarming dimensions, with consequent social problems. On the other hand, in the rural sector, the housing situation continues to be critical; lack of services, overcrowding and poor structural conditions affect almost 90% of the population. Furthermore, rural development programs have been mainly directed toward production, without taking into account housing and community necessities. These circumstances constitute a negative aspect in the human settlements that it is intended to develop and are incongruent with the concept of an integral agrarian reform which was outlined in the National Development Plan and the Agrarian Reform Law.

Therefore, the best housing policy would be that which could be implemented from this very moment; without waiting for spectacular changes in the physical and short-term investment goals, but with the assurance of a gradual advance toward concrete objectives that represent an improvement in the living standards of the population as a whole. The determining factor in the last instance is the decision to act, the only way to begin correcting the technical, administrative and institutional deficiencies in the Sector.

It is necessary to insist on a rapid implementation of all those substantial aspects of the National Development Plan's strategy which have been involved in the Housing Policy, such as : preferential attention to socially depressed groups through an expansion of the productive sectors; the development of natural resources to benefit the Honduran society; the improvement and enhancement of public sector actions, emphasizing social infrastructure and investment projects and fixing guidelines whose application results in a constant and increasing accumulation of benefits.

Moreover, much of the effort necessary to implement the Policy on Housing does not imply a conflict with the priorities required by other sectors of National Development. More than an expansion of the traditional contributions to the sector, from the national budget and external credit, what is sought is the mobilization of a potential within the entrepreneurial groups, the public entities and above all, within the various social groups that, effectively coordinated, oriented and technically assisted, may meaningfully contribute to the solution of their housing problem.

C H A P T E R I I

NEEDS, OBJECTIVES AND PRIORITIES OF THE HOUSING POLICY

Available statistical data (still being compiled) and the background and knowledge of the Sector are regarded as a sufficient basis for the concepts and criteria set forth in this Chapter, relative to an approach to the definition of housing needs, a restatement of housing supply and demand patterns and a statement of priorities and objectives within the context of the Housing Policy.

1. Present Housing Situation

The identification of housing need is based on a consensus on the elements which constitute minimum acceptable quality, which are normally regarded as structure, materials, basic services and overcrowding. Relating existing conditions to priority social sectors and to the possible resources to be used under given conditions, allows an approximate estimate of the country's actual needs.

The data from the Housing Census of 1974 show a total of 526,566 privately owned houses in the country, broken down as 146,409 urban (30.4%) and 366,443 rural (69.6%). Of this total, no less than 60% suffer major structural or basic services deficiencies, which means, applying strict minimum standards that there is a deficiency of about 300,000 housing units. A great part of this deficiency exists in the rural area. even though the existence of serious problems makes the housing problem equally severe in the urban area.

As an illustration of the general magnitude of the problem, in the following chart data are shown which are sufficiently clear: (See next page)

To the above mentioned accumulated deficiency should be added the needs generated by the natural growth of the population and also the deterioration of units due to old age, destruction due to public need or natural phenomena, migratory pressures, vacancy and under-occupancy, all of which aggravate the problem that as a whole is of a magnitude that is a true challenge for the country.

Considering the critical situation with respect to the distribution of income, where more than 70% of the urban population, and almost all the rural population correspond to the low, minimum and sub-minimum strata, it is evident that the majority of the Honduran population lacks all possibility of financing conventional dwellings in the present market, a situation that is confirmed by the 7,000 or 8,000 new households that yearly solve their housing needs with their own efforts through the informal sector.

Chart No.1 Quality of Houses Data from the 1974 Census

Characteristics	% Total	% Urban	% Rural
	of Country		
Adobe, "bahareque" (dirt & wood), wood stick or cane and other walls	88.26	67.50	97.38
Dirt Floors	65.02	26.23	82.89
Without Running water	67.4	24.59	87.12
Without Sanitary Services	67.83	21.06	89.40
Without Electricity	75.00	32.76	94.47
With one or two rooms	63.50	43.68	72.70
Rent Less than L.30.	61.71	56.33	88.29
"Cuarterias" *	7.37	21.21	0.98

* Single rooms rented as living units, with shared kitchens and sanitary facilities.

Chart No.2 DISTRIBUTION OF INCOMES. NUMBER OF FAMILIES AND PERCENT

INVA*	Income Bracket in Lempiras per Year	Urban Families		Rural Families		Total No.	Families %
		No.	%	No.	%		
	Below minimum						
	500	8.703	5.9	193.678	60.6	202.381	43.4
840-1800	Minimum 501-2000	58.268	39.7	105.788	33.1	164.056	35.3
1801-3240	Low 2001-3500	36.206	24.7	16.619	5.2	52.825	11.3
3241-5400	Med.Low 3501-6000	24.016	16.4	2.237	0.7	26.253	5.6
5401-6600	Medium 6001-8000	6.562	4.5	959	0.3	7.521	1.6
	Med. High 8001-12000	6.385	4.3	320	0.1	6.705	1.4
	High 12000+	6.653	4.5	-	-	6.653	1.4
TOTALS		146.793	100.0	319.601	100.0	466.394	100.0

Note: In order to determine the number of families, the structure of the Incomes and Family Expenditures Survey - DGEC 1967-68 was applied to the results of the population census of 1974.

Source: Prepared by INVA and CONSUPLAN's Housing Sector.

* INVA section adjusted per table 14, Honduras Housing Sector Analysis, AID, August 1974.

Over the past six years, the annual average volume of housing construction, on the basis of approved plans and permits, was in the order of slightly over 2,000 units, an amount that does not bear any relation to the dimensions of the problem to be solved.

With respect to the production of houses, the achievements of the public and private sectors are shown in the following summaries:

Chart No.3 Production of Houses Public Sector, 1970-75

(Values in Lempiras at Current Prices)

Year	Houses Built	Construction Area Sq.Mts.	Investment in 000 Lps.	Average Area per Unit Sq.Mts.	Average Value per Unit Lps.
1970	428	27.820	2157.3	65.0	5040.0
1971	520	18.920	1540.9	44.0	2963.0
1972	232	15.080	700.0	65.0	3017.0
1973	-	-	300.0	--	--
1974	1613	75.861	4900.0	47.0	3038.0
1974(1)	209	n.a.	395.7	n.a.	1893.0
1975	257	16.610	2900.0	64.0	11284.0
1975(2)	632	n.a.	884.8	n.a.	1400.0
TOTAL	3891	154.291	13.778.7	57.1	-----

Note: Data correspond to INVA activities, which were restricted during these years to Tegucigalpa and San Pedro Sula, except in 1974, when units were built in La Ceiba.

Source: Yearly Sectorial Evaluations of CONSUPLAN.

- (1) Dwellings built in cooperation with INFOP, the Central District and JNBS in response to Hurricane Fifi.
- (2) Dwellings built by JNBS after Hurricane Fifi with cooperation from other institutions.

Chart No. 4 Production of Houses by the Private Sector 1970-75

(Values in Lempiras at Current Prices)

Year	Houses Built	Construction Area Sq. Mts.	Investment in 000 Lps.	Average Area per Unit Sq. Mts.	Average Value per Unit Lps.
1970	757	78.649	7.738	104	10.222
1971	896	90.776	9.940	101	11.094
1972	1449	138.645	14.467	96	9.984
1973	1061	136.487	15.588	129	14.692
1974	1352	146.836	21.105	109	15.610
1974 ⁽¹⁾	3770	n.a.	1.800	n.a.	477
1975	1443	129.653	16.046	90	11.120
<hr/>					
TOTALS	10443	721.046	86.684	105	--

Note: Data from the Central Bank, includes permits registered in Tegucigalpa, San Pedro Sula and La Ceiba.

Source: Prepared by the Housing Sector of CONSUPLAN on the basis of information from the Central Bank.

(1) Dwellings built by non-profit associations, after Hurricane Fifi. Data obtained directly by CONSUPLAN's Housing Sector.

The total housing deficiency (poor structural quality + overcrowding + demographic growth + depreciation) should be distinguished from the minimum housing deficiency concept (demographic growth + depreciation), since it is in reference to the latter that a more realistic approach can be made in the developing countries. In Honduras, during the last inter-censal period, both types of deficiency registered increases in absolute terms and that trend will be maintained in the coming years.

Consideration is given therefore, to meeting the minimum housing deficiency with three basic types of programs; the construction of new houses, the improvement of existing houses and sites and services with houses built incrementally by self-help. These programs are compatible with income levels, production of the private and public sectors and national priorities.

Taking into account the previous determinants, it is proposed to meet the needs of the first five sections in Chart No.2*, considering at the same time the annual urban population growth of 6% of 132.000 families, and the rural growth of 2.7% of 319.000 families, plus a 2% replacement factor (the quantification of this proposal is presented in Chart No.5). This means, for the urban areas 10.580 houses per year, and for the rural areas 15,000 houses per year, or a total of 25.580 houses, a figure that exceeds the total production of the country (public and private sectors) between 1970 and 1975, and is regarded as an ambitious goal.

Chart No. 5 shows that: in the urban areas only 45.5% of the effort would be applied to new houses, 17.5% to improvement and expansion and 37% to sites and services; and in the rural areas, 20% would be applied to new houses, 45% to improvement and expansion and 35% to sites and services. These goals are regarded as imperative, to take care of the minimum deficiency, that is to say to curb housing deterioration, but without reducing the accumulated deficiency which by itself would signify an extraordinary effort for the country.

* The last two sections are not considered (medium high and high incomes) as these, it is thought, will be undertaken by the financial sources that have done so traditionally.

Chart No.5

ANNUAL HOUSING NEEDS TO COVER MINIMUM DEFICIENCY

No. of families By Income Levels	NEEDS			TYPES OF SOLUTIONS			Total
	Demo- graphic Growth	Obsoles- cence	New Houses	Impro- vement & Expansion	Sites & Services		
URBAN	6%	2%					
Minimum*	66.000	4.000	1.300	1.800	1.000	2.500	5.300
Low	36.000	2.160	720	1.200	520	1.160	2.880
Med.Low	24.000	1.440	480	1.400	280	240	1.920
Medium	6.000	360	120	420	60	-	480
Sub Total	132.000	7.960	2.620	4.820 (45.5)	1.860 (17.5%)	3.900 (37%)	10.580
RURAL	2.7%	2%					
Below Minimum	193.000	5.200	3.850	1.650	4.100	3.300	9.050
Minimum	106.000	2.900	2.100	1.100	2.200	1.700	5.000
Low	17.000	460	340	160	390	250	800
Med.Low	2.000	60	40	50	50	--	100
Medium	1.000	30	20	40	10	--	50
Sub Total	319.000	8.650	6.350	3.000 (20%)	6.750 (45%)	5.250 (35%)	15.000
TOTAL	451.000	16.610	8.970	7.820 (30%)	8.610 (34%)	9.150 (36%)	25.580

* Includes the below-minimum level.

Source: Prepared by INVA and CONSUPLAN's Housing Sector.

2. Statement of Supply and Demand of Housing

The calculations contained in the charts in the previous section clearly show the great disparity between the institutional production of housing and the minimum needs, which clearly indicates the need to increase investment in the sector, in order to expand the social coverage of production, changing at the same time the distribution in terms of the income levels which will benefit.

During the period 1970-74, 194.6 million Lempiras were invested in housing, of which only 9.6 million were applied to the public sector and the remaining 185.0 million to the private sector, or an average of 1.9 million and 37.0 million per year respectively. On the basis of information on the origin and destination of the investments, it can be said that approximately 10% of the population with the highest incomes generated and received benefits of 95.1% of the amount, while the remaining 90% of the population only generated and received benefits from 4.9% of the total investment.

Analysing the ratio between construction investment, housing and the GNP, the following results are obtained: (See Chart No.6)

The average participation of construction as a percent of the Gross National Product (GNP) was of the order of 9.7%, while the average of direct investment in housing represented 24% of the investment in construction, and an average of 2.3% of the GNP.

Specialized international agencies recommend allocating no less than 5% of the GNP to housing and a production of 8 to 10 houses for each thousand inhabitants, a recommendation that is not complied with in Honduras, where about 2.3% of the GNP is destined to housing with a production of 1 to 1.5 houses per thousand inhabitants.

Therefore, it is necessary to increase gradually to the recommended percent. As a start, it is planned to increase the historic percentage to no less than 3.5% of the GNP, which would be equivalent to about 67.3 million Lempiras. In other words, 28.4 million Lempiras would be available, in addition to the 38.9 million during recent years. This level of investment is believed to be feasible.

Allocating the 28.4 million that would be added to the historic investment in the ratio of 57% for the urban program and 43% for the rural program, the following would result: a total of 55.1 million for the urban sector (1.9 million already provided by the public sector + 37.0 million from the private sector + 16.2 million added) and of 12.2 million for the rural sector, which would be sufficient to meet the minimum housing deficiency.

The situation with respect to income levels, purchasing capacity and access to the sector programs, is as follows at the present time: (See Chart No.7)

Chart No.6 RATIO BETWEEN THE GNP, INVESTMENTS IN CONSTRUCTION AND HOUSING 1970-74

(Millions of Lempiras at Current Prices)

Year	GNP	Construction	% Construc- tion GNP	Housing	% Housing Cons- truction	Housing Public Sector	Housing Private Sector (1)	% Housing GNP
1970	1442.5	143.7	10.0	28.6	20%	2.2	26.4	2.0
1971	1557.7	142.6	9.6	35.9	25%	1.5	34.4	2.3
1972	1635.5	140.6	8.6	42.8	30%	0.7	42.1	2.6
1973	1829.4	165.6	9.1	38.6	23%	0.3	38.3	2.1
1974	1922.3	218.3	11.4	48.7	22%	4.9	45.2	2.5
Total	8387.4	810.8	9.7%	194.6	24%	9.6	185.0	2.3%

Source: Prepared by the Housing Sector of CONSUPLAN on the basis of figures from CONSUPLAN's Global Sector, the Central Bank and INVA.

(1) Includes recorded permits, an increment for their under-evaluation and the informal Sector in urban areas throughout the country.

Chart No. 7 Levels of Income and Purchasing Capacity

(Values in Lempiras at Current Prices)

Income Levels	Monthly Average Income	Monthly Capacity to pay		Annual Interest %	Term Years	Fur-chasing Capacity	% Homes	
		%	Lps.				Urban	Rural
Below								
Minimum	60	10	6	6	15	710	9.4	60.6
Minimum	125	12	15	8	15	1.530	42.8	33.1
Low	225	18	40	9	20	4.450	21.6	5.2
Med. Low	350	20	70	10	20	7.200	15.2	0.7
Medium	500	25	125	11	20	12.000	3.2	0.3
Med. High	750	25	188	12	20	17.500	4.6	.1
High	+1000	30	+300	12	20	+27.500	3.2	--

Source: Housing Sector of CONSUPLAN on the basis of the Housing Sector Analysis, AID, Honduras, 1974, Survey of Family incomes and Expenditures (1967-68) and an adjustment of the scale used by INVA in its programs.

The situation in regard to incomes and purchasing capacity, as reflected in Chart No.7 means that 52.2% of the urban families within the below-minimum and minimum levels, and 60.6% of the rural families within the below-minimum level do not have access to the lowest cost dwellings produced by INVA, which cost Lps.2.600 with about 40M2 in the case of urban houses and Lps.900 with 25M2 in the case of rural houses. Therefore, pursuant to the Policy, and concurrently with the increment in the sector's resources, some basic technological changes will be considered in order to achieve lower cost solutions with the intention of expanding the access of the lowest income levels to the sector programs.

3. Priorities and Objectives

Having as an objective that the Public Sector should produce a significant impact on housing for the lowest income levels without reducing its attention to other levels nor the participation of the private sector, the following priorities and objectives were defined:

1. Institutionally Articulate the Housing Sector

This articulation is considered with two parallel objectives, the first referring to the coordination of inter-sectorial activities at the highest planning level, in order that the sector activities may effectively constitute a part of the efforts toward the integrated development of the country; and the second, in regard with achieving a clear definition of institutional roles as well as a unity in purpose among them, tending to their greater productivity, specialization and efficiency.

2. Gradual Increment in the Resources Devoted to Housing

In addition to achieving a greater fiscal allocation to the sector and a reorientation of private investment, new ways should be developed of promoting and capturing national savings, especially from those income groups not now participating, and a Social Fund for Housing should be introduced in order to expand and sustain the sector's activity.

3. Expansion of Government action, in order to achieve a true National Coverage including Lowest income Levels

The economic growth foreseen for the coming years will demand internal changes in the sector in order to achieve lower unit costs which will promote the gradual incorporation of the lowest income levels. Therefore new criteria must be defined and adopted which will regulate the Sector's activity.

4. Including the Housing Policy in the Regional Development Plans

In order to promote an integrated rural development, rural and urban development policies should be made compatible with the regional framework, in order that its implementation may promote balanced and harmonious physical and socio-economic development, making the best and most rational use of the resources available to the State to obtain maximum direct benefits (houses) and indirect benefits (jobs).

5. Orient and Attract Private Entrepreneurial Activity

To define programs and incentives for the private sector, basically by means of consolidating a constant and growing demand which leads, on the one hand to increased interest by construction enterprises in low-cost housing programs and, on the other, to rationalization of the activities of industries producing construction materials. The efficient use of the Public institutions and the formulation of mixed programs as well as the adoption of appropriate incentives, are measures to be adopted in order to promote an increasing participation of the private sector.

6. Guarantee the Availability of Land

To foresee, reserve and provide as needed land for the urban and rural programs, in accordance with a program of needs, possibly by means of a Land Bank that serves the needs of the sector. This measure will regulate the real estate market and will prevent speculation, at the same time facilitating the rationalization of the infrastructure work necessary for land development.

7. Rationalize Housing Projects

To design and adopt general and minimum technical standards for all those elements involved in the housing construction process (urbanization, services, materials, quality, systems, etc.) with the elasticity and suitability required by the country's economic reality and the nature of the programs under consideration.

8. Testing and Research on Housing

To create specialized agencies for testing and research, in order that increasingly greater basic knowledge may be made available in the form of a data bank--regarding all aspects of housing development and that research may be continued to make available even better and more economic solutions.

9. Training of Personnel for Housing

The implementation of the Housing Policy will require the participation of a considerable number of professionals, technicians and support personnel, adequately and especially trained to meet the demands appropriate for its conception, execution, control and complementary activities. Hence, the training programs now carried out

at all levels must be modified and increased, and also consideration must be given to the creation of professional (Architecture, Regional Planning, etc.) and technical (construction, housing educators, etc.) careers, together with craftsmen, as well as to community training programs.

The importance of the specific part to be played by each one of the priorities and objectives defined above, their individual complexity and the strong inter-relation between them requires their simultaneous consideration, in order that the formulation of the Policy may be realistic, articulate and coherent in all parts, thus permitting its implementation to maximize the use of all human, material and institutional resources available.

C H A P T E R I I I

INSTITUTIONAL, STRUCTURAL AND ADMINISTRATIVE FRAMEWORK

The housing sector is at present going through a transitional stage from an era when its activities were limited to isolated units built by private entrepreneurs and a few projects implemented by the Public Sector, (INVA); toward its next phase in which activities fully coordinated with the National Development Plan are foreseen, with national coverage and a concept of integration.

This change is related to the national social and economic evolution, with the appearance of new demands on the Sector and the awareness of the country's authorities regarding the modernization and updating of the planning, programming, design and construction facilities which are available to them. Among several factors that have contributed to the development of the Housing Sector, the following should be mentioned:

- a) The establishment of settlements and population centers resulting from INA's Agrarian Reform policies, which have created new fields of action for rural housing and physical planning and their relation to regional plans.
- b) The positive results obtained from housing improvement projects within the community development programs undertaken by the JNBS, especially those carried out since Hurracaine Fifi. With a low unit investment and the family efforts of participants, thousands of families previously excluded from public programs have received such benefits.
- c) The institutionalization of the National Savings and Loan system through the implementation of FINAVI as the system's central body.
- d) The completion of master plans for Tegucigalpa, San Pedro Sula and other cities, which are creating a framework of spatial order and planning.
- e) The expressed interest of the authorities in the major cities in promoting very low cost housing programs, such as sites and services Projects and barrio upgrading in order to improve marginal areas.
- f) The Government's intention to apply and implement what is agreed upon in the National Housing Policy, to reinforce and update the various plans and programs.

The activities and elements mentioned above, as well as general actions relative to the sector, have accumulated without adequate mechanisms for their coordination and integration into the legal and administrative framework. Therefore, several measures are outlined below to fill these voids at the internal and inter-sectorial levels:

1. Present Functioning of the Sector

Housing activities are virtually without any coherent structure of a legal character which may promote and stimulate them.

On the contrary, enabling legislation has not been reviewed as new situations have developed. It remains in its original state and much of it is clearly obsolete.

A Law of Municipalities is still in effect which contains several chapters on housing and urban development dating from the year 1914, when the main city in the country had no more than several tens of thousands of inhabitants. New regulations have been added to the body of legislation, among which are the creation of INVA, FINAVI and others, but without codifying and updating the existing regulations.

Lately metropolitan physical plans have been prepared, as well as a project for an Urban Development Law, which have not been approved as yet, and whose provisions on urban uses and functions should include the norms and standards for low-cost housing, once they enter into effect. The development of these documents should take into account the National Housing Policy .

In regard to the Agrarian legal framework there appears the latent problem of municipal lands peripheral to the cities, which are necessary for urban expansion but lack appropriate legal mechanisms for their transfer and use. Moreover, the laws regarding rural settlements and population centers, do not include aspects of physical planning, community regulations and housing conditions. Even though in the Agrarian Reform Law this is regarded as a process and instrument of transformation of the agrarian structure which can guarantee social justice in the rural areas.

At present there exists a confused situation regarding the ownership and utilization of land and requirements to urbanize and sell in accordance with Municipal regulation, which has resulted in a great number of "barrios", neighborhoods lacking basic services and creating problems of health and poverty for the cities.

On the other hand, the expropriation procedures for urban land require lengthy and cumbersome processes that impede the execution of large scale housing programs, or programs of urban renewal, rehabilitation of "barrios" etc. The updating of regulations on expropriation should be formulated concurrently with the approval of the regulation for Master Plans and for

implementing institutions.

Lastly, distortions can be seen in the financial terms for the acquisition of houses inasmuch as each entity has different regulations in matters such as down-payments, interest rates and terms in their housing loans; in the absence of any overall financial policy in this field. The discrepancies in financial terms create an unnecessary competition and negative effects in some low-cost programs, which due to their "welfare" nature, have offered a subsidized interest rate and distorted the market.

Within the framework described above, a distribution of roles has consolidated "de facto" between public institutions, construction firms and family groups without access to the housing market. Thus the existence of three levels in the housing field is identified; on one hand an institutional sector composed of public organizations with limited production attending to the needs of low-income families; on the other hand, a private sector with a predominantly entrepreneurial character, whose limited coverage gives preferential attention to the higher income groups and to groups organized as Cooperatives; and, finally, the level of informal family character of indeterminate dimensions, which notwithstanding permits the acquisition of shelter by the majority of the population, in various parts of the country, on the basis of its own work and initiative, despite the absence, in most cases, of technical and financial support.

The Public Sector operates directly through the following decentralized organizations: the National Housing Institute (INVA : Instituto Nacional de la Vivienda), the National Social Welfare Board (JNBS: Junta Nacional de Bienestar Social) and the National Housing Bank (FINAVI: Financiera Nacional de la Vivienda). Supporting in this activity are the National Water and Sewer Authority (SANAA, Servicio Autónomo Nacional de Acueductos y Alcantarillados), and the National Electric Energy Authority (ENEE, Empresa Nacional de Energía Eléctrica). On the planning level, the Sector is coordinated by the Housing Sector of the Technical Secretariat of the National Economic Planning Office. Urban development aspects are coordinated by the Directorate General of Urbanism (DGU, Dirección General de Urbanismo), and in the rural aspects, especially in the organized sector, by the National Agrarian Institute (INA, Instituto Nacional Agrario), in addition to the Municipalities involved.

In the financial field, assistance is provided by the Central Bank of Honduras (BCH, Banco Central de Honduras), the Inter American Development Bank (BID, Banco Inter-Americano de Desarrollo)^{1/} and the Agency for International Development (AID, Agencia para el Desarrollo Internacional 1/

The private institutionalized sector participates in housing programs through a series of construction, financing, cooperative and welfare entities. Among the financial entities, the following should be mentioned: the Banco Hipotecario, Casa Propia, S.A. , La Vivienda de Sula, the commercial banks, and the Central American Bank for Economic Integration (BCIE, Banco Centro-Americano de Integración Económica) 1/

1/ International Financial Institutions

among the cooperative entities, the following are found: the Honduran Cooperative Housing Federation (FEHCOVIL, Federación Hondureña de Cooperativas de Vivienda) and the Honduran Development Federation (FUNHDESA, Federación Hondureña de Desarrollo); and among the welfare entities, CARITAS of Honduras, CARE and the National Evangelical Emergency Committee (CEDEN, Comité Evangélico de Emergencia Nacional).

The "informal - family" sector carries out its functions in a spontaneous manner, using self-help construction and self-financing, filling the void resulting from the limited coverage of the institutional sector, and meeting the urgent needs to provide shelter to thousands of families who must have a dwelling place in any way possible.

At the end of this Chapter there is a matrix of institutions and programs which directly or indirectly participate in the housing sector. Below is presented a brief summary of the types of programs undertaken by the major institutions of the sector.

INVA, the major implementing agency in the Public Sector and endowed with broad powers by its enabling legislation, focuses its attention, primarily on the lowest income groups and during its 20 years of activity has carried out many different types of programs, mainly in the major cities.

Some of the factors limiting INVA's activity have been the lack of continuity in its policies and the lack of medium-term planning, stable financial resources, land reserves and adequate technical personnel.

The JNES renders various welfare services among which the Community Development Program includes housing improvement projects and the provision of basic rural services. In spite of the broad coverage represented by this field of activity, it has limited financial and technical resources. Moreover, the housing activity does not have a specialized implementing unit nor is it included in the medium-term programming of the Agency.

FINAVI, created in 1975, will begin effective operations in the second semester of this year (1976), as the central body of the National Savings and Loan System in order to cover, preferably, the housing needs for the medium and medium-low income levels with a possible extension toward the lesser income groups through popular savings and in coordination with specialized entities in the field, such as INVA, FEHCOVIL, Mutual Associations etc.

The DGU, among other functions, prepares and advises on the preparation of Master Plans and Urban Development plans, which control the orientation and characteristics of cities, of importance in order that the development of housing projects may contribute to the coherent and harmonious growth required by such population centers.

The private sector has concentrated in the field most convenient for its interests, in other words, in the urban market composed of the medium-high and high income levels in Tegucigalpa, and San Pedro Sula, with some small-scale operations in La Ceiba and a few other cities. It is believed necessary to divert a part of this activity toward the levels immediately below, in order to take maximum advantage of the potential available in its technical and financial capability.

The Cooperative Sector, through the Honduran Federation of Housing Cooperative Ltd. (FEHCOVIL) has undertaken several programs at medium, medium-low and low income levels since 1968. FEHCOVIL is the coordinating agency at the national level in matters of cooperative housing and it plays an important part in the sector inasmuch as it has a potential and a working capacity which could be expanded in the near future.

2. Institutional Alternatives

The relevance of housing in relation to national development perspectives requires an updating of its lines of authority and coordination. To this end, three alternative structural models for organization of the Sector were presented to the Coordinating Committee, on the basis that it is possible to obtain greater effectiveness and efficiency from the existing human and technical resources, apart from the possible reinforcement of the sector with new financial resources, consistent with the country's economic capacity.

The three alternative analyzed were the following:

a) Vice-Ministry of Housing and Environment

This concept was proposed as a transitional measure, while a specialized Ministry is formed, in order to concentrate the various concerns and activities appropriate to the Public Sector in the field of housing and the environment under an already existing Ministry. It was thought that SECOPT would be the most appropriate, inasmuch as it already includes urban development and physical infrastructure functions, and its present organizational and material resources could be utilized.

Thus, housing and environment would be vertically responsible to the Minister, through the specialized Under-Secretary who would have the authority to coordinate and transmit instruction, evaluate and correct programs and all those functions pertinent to the application of policies and specific housing plans. The basic functions of establishing and enforcing policies, planning, coordinating and evaluating would be assigned to the Under-Secretary and to CONSUPLANE, while the existing organizations would be oriented toward the implementation of financial, physical and social programs.

b) Ministry of Housing and Environment

This alternative contemplates a more direct response to future needs and would signify a recognition of the basic role assigned to spatial and urban planning within the country's economic and social development, when the sector's dynamics and its volume of activity reach a higher level.

Through the ministry the hierarchical structure is defined, command and coordination lines are simplified and inter-institutional relations, unity of purpose and the delimitation of functions are concentrated.

On the other hand, there is a question whether the country and the sector have enough resources and activity to warrant a new bureaucratic apparatus, apart from the political considerations which are implied.

c) National Housing Committee

All the proposed alternatives attempt to rationalize and develop the present and potential capacity of the country to take care of the imperative need of housing and related services.

This concept corresponds to the first step in a series of measures that, concurrently with the strengthening of the executing agencies in the sector, warrant structural measures which imply changes in the present hierarchy or new bureaucratic systems.

The Technical Secretariat of CONSUPLANE consulted with Ministers and other high officials regarding the feasibility of these alternatives and it was agreed to concentrate on the National Housing Committee since it is regarded as having more immediate possibilities and better performance characteristics, taking into account the situation of the country and the sector and accepting this feature as a first step in the updating and modernization of the housing institutional system. The approved alternative is summarized below. Details and particulars of the National Housing Committee are a part of the Annexes to this document.

It is proposed to establish a National Committee with representation of all public and private organizations directly involved in the Sector, with the main objective of acting as coordinator of housing activities, with legal authority to direct and outline objectives, priorities and strategies of the Policy and the national housing plans.

The Committee would function on the same level as CONSUPLANE, ensuring in that way the coordination and full integration of its actions with the global goals of national development as well as coordination among the appropriate executing institutions and between these and the agencies responsible for supporting activities.

The Committee would be assisted by an inter-institutional professional staff to undertake the studies, consultation, supervision, recording and communications necessary to keep the sectors information updated and allow for appropriate corrections and modifications.

The organization charts of the structural model are presented in the charts on the following pages.

In order to avoid overlapping functions with the Boards of Directors of the existing institutions, it is necessary to update the delimitation of functions and authority of each entity, with the understanding that the National Housing Committee will act at the national planning level as a coordinator of inter-institutional activities without entering into the internal field of action of any organism.

It can be assumed that on the basis of experience and an eventual increment in Sector activity, it will be necessary to modify the role and organization of the Committee and possibly to contemplate the alternative schemes previously described.

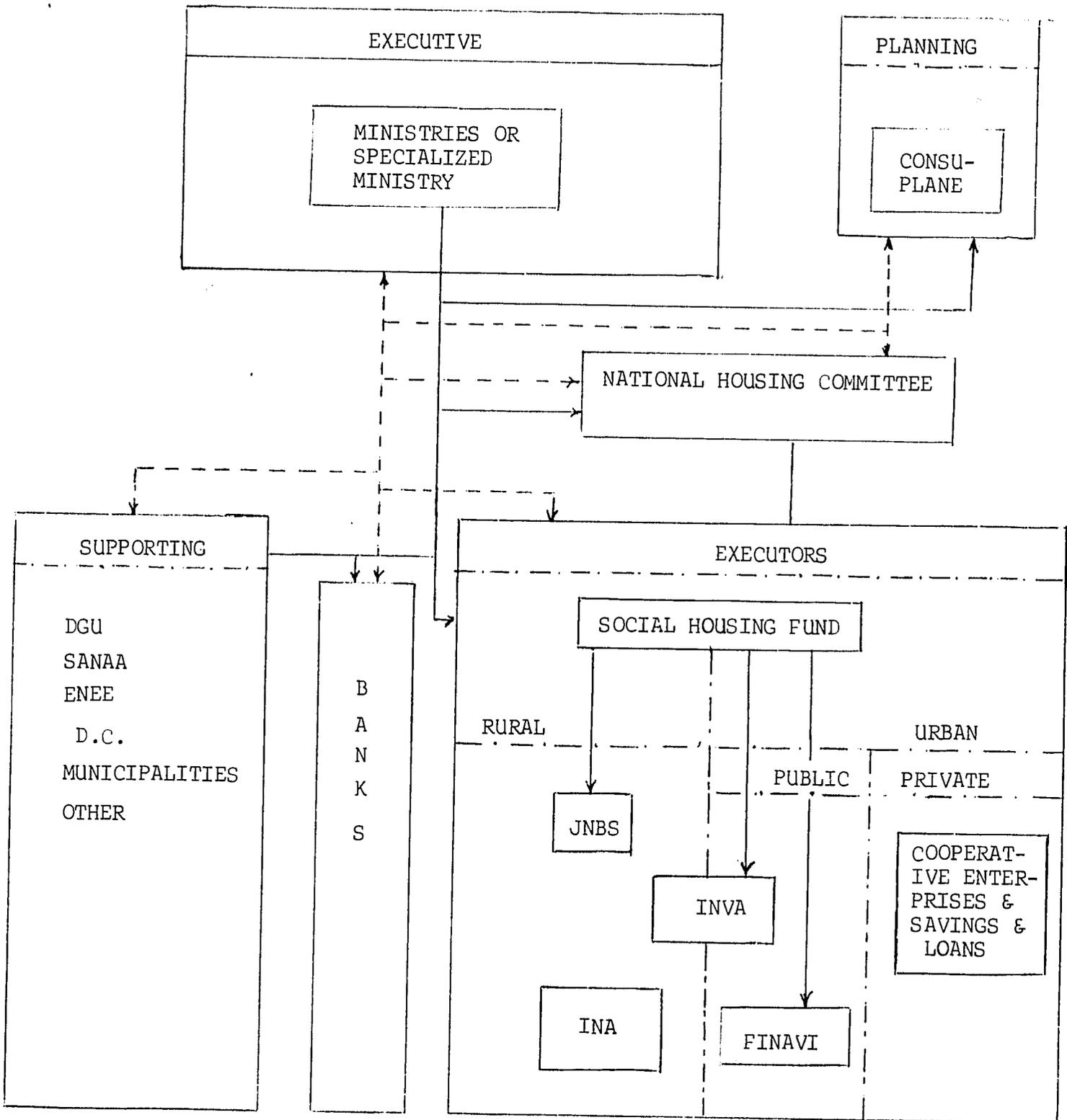
3. Delimitation of Functions

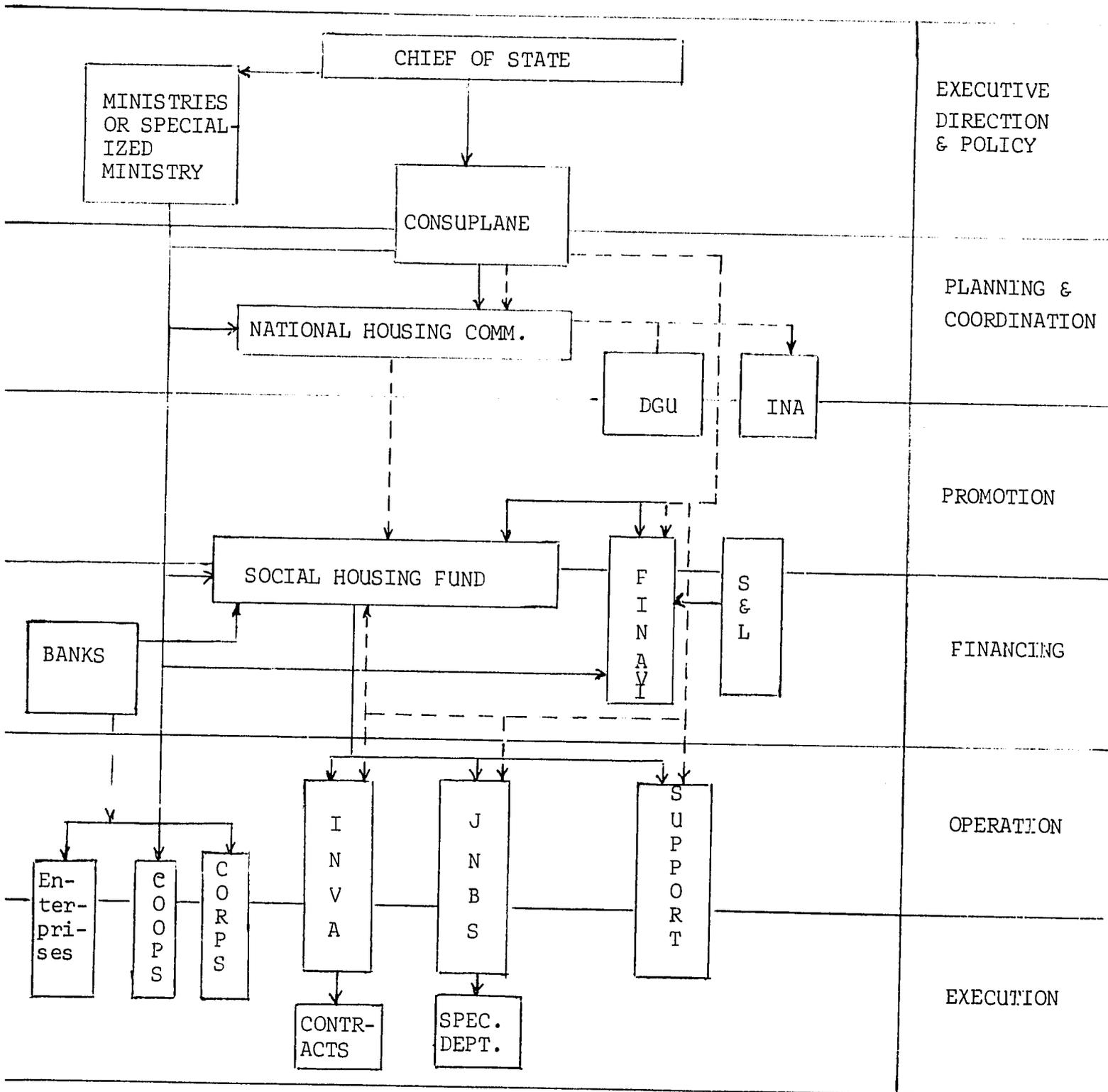
The various institutions described above appear to be endowed with varied functions, many of them overlapping or parallel among themselves, nevertheless it is possible to say that they are fully complying with their objectives.

A more adequate system, necessary for any one of the alternatives described, can be outlined in a functional distribution scheme as follows:

- a) Planning and Policy : At the national level as a responsibility of CONSUPLANE.
- b) General Coordination: Same as above
- c) Programming : Within the framework established by CONSUPLANE in the operative plans developed by each entity.
- d) Financig : At the national level, coordinated by CONSUPLANE, and at the specific level as a responsibility of each financial or executing agency.
- e) Design and Technology: By each executing agency, adjusted to the guidelines of the National Housing Policy. In projects of social interest, INVA should provide assistance to other entities, associations, "patronatos", etc. Private enterprises would participate at a general level.

1) HIERARCHICAL STRUCTURE AND FIELDS OF ACTION





———— Direct
 - - - - - Coordination

- f) Pre-Feasibility Studies : The responsibility of each agency with consulting assistance from INVA and FINAVI in economic aspects and from UNBS in social matters.

This refers to pre-implementation activities such as land acquisition, bidding procedures, social work, economic studies, etc.

- g) Project Implementation: By the executing agencies, who would be able to contract design studies and infrastructure and construction works with private firms or implement these directly in home improvement programs, sites and service projects or self-help construction projects.
- h) Administration : The responsibility of each agency, in aspects such as selection of tenant or purchaser, property transfer, legal aspects, project administration, management of the portfolio, etc.
- i) Evaluation : By each institution, in addition to periodic evaluations carried out by CONSUPLANE.

To the above mentioned functions, which are of a generic nature for the set of institutions included in the Housing Sector, several other specialized activities should be added that could initially be provided in an inter-institutional manner through teams with personnel from various entities.

The following activities are proposed:

- a) Investigation and research (design, materials, construction systems techniques, urban, rural and regional planning).
- b) Land Bank (Legal situation, financing, acquisition and reserves, allocation by programs).
- c) Data Bank (demographic, social, economic and technical data)
- d) Electronic Processing (for studies, programming and control).
- e) Plan Bank (for the systematization of the Sector, preparation of Projects, research, technical assistance to the informal sector)
- f) Library (information, study, publications on housing).
- g) Emergency Programs (coordination to respond to calamities arising from natural disasters or other causes).
- h) Mixed Programs (the possibility of establishing development corporations to promote and execute programs such as sites and services urban renewal, etc. with participation from both the Private and Public Sectors.)

Finally, consideration should be given to the necessary functional relation between direct institutions of the Sector and those of a supporting nature, necessary for the development of programs and projects, such as the Municipalities, SANAA, ENEE, INFOP and INA.

4.- Delimitation of Areas of Activity for the Housing Policy

The distribution of functions outlined above should be complemented with a definition of the areas of activity of the Sector's components, in order to assure a wider national coverage, an increasing participation of the State in regard to different income levels, a balance between urban and rural programs and investments, a stimulation of the Private Sector participation and a better channeling of the efforts and resources of the Informal-Family Sector.

The delimitation of the areas of activity can be defined from four complementary angles:

- a) By income levels
- b) By Methods of Operation
- c) By geographic location
- d) By systems of Financing

a) By Income Levels:

With respect to the groups already defined in Chapter II, the following responsibilities are contemplated:

<u>INCOME LEVEL</u>	<u>ENTITIES</u>	<u>Programs and Solutions</u>
Below-Minimum	JNBS, INVA, Municipalities, non-profit entities	Improvements, sites & services, environmental improvement, both rural and urban.
Minimum	JNBS, INVA, Municipalities non-profit entities	Improvements, expansion of sites and services, provision of public services, self-help construction, both rural and urban.

<u>INCOME LEVEL</u>	<u>ENTITIES</u>	<u>Programs and Solutions</u>
Low	JNBS, INVA, Cooperatives non-profit entities, SNAP (1) (Popular Savings Program)	Self-help construction, core housing and minimum houses individual loans, both rural and urban
Medium-Low	INVA, SNAP, Cooperatives non-profit entities	Minimum dwellings, individual loans, both rural and urban
Medium	INVA (2), SNAP, Cooperatives private enterprises	Complete houses, individual loans, both rural and urban
Medium-High	SNAP, Cooperatives, Private enterprise	Complete houses, individual loans, both rural and urban
High	Private enterprise, banking system	Complete houses, individual loans, both rural and urban.

(1) National Savings and Loan System, directed by FINAVI.

(2) Experimental programs or in association with other entities only.

b) By Methods of Operation

On the basis of existing systems for undertaking rural settlements and home improvement or construction projects, the following is outlined:

<u>METHOD OF OPERATION</u>	<u>ENTITIES</u>	<u>INCOME LEVELS</u>
Provision of Public Services	Municipalities, autonomous entities	Below-minimum, minimum and low, urban
Environmental Sanitation	JNBS, non-profit entities	Below-minimum, minimum and low, urban and rural
Improvement and Rehabilitation	INVA, JNBS, Municipalities	Below-minimum, minimum and low, urban and rural
Sites and Services (and its variations)	INVA, JNBS, Municipalities and Cooperatives	Below-minimum, minimum and low, urban and rural
Self-help construction (and its variations)	INVA, Cooperatives	Below-minimum, minimum and low, urban and rural
Minimum and Core Housing	INVA, Cooperatives, non profit entities	Low rural and urban
Individual loans	INVA, SNAP	Low, medium-low and medium rural and urban
Complete houses (social interest)	INVA, SNAP, Cooperatives private enterprise	Medium-low urban and rural
Complete houses (semi-social interest)	INVA, Cooperatives, SNAP and private enterprises	Medium, urban and
Complete houses (commercial interest)	Private enterprise	Medium-high, high, urban

c) By Geographic Location

Consistent with the objective of national coverage, the entities must make available programs, projects and services in the various localities of the country and in accordance with the national development plan, and strategy in the following manner:

<u>GEOGRAPHIC LOCATION</u>	<u>PARTICIPATING ENTITIES</u>
Rural, isolated and unorganized sectors	JNBS, Non profit entities
Rural, organized and unstructured sector	INVA, JNBS, Cooperatives
Rural, organized and structured sector	INVA, INA, Cooperatives
Urban, cities with less than 5,000 inhabitants	INVA, JNBS, Cooperatives, non-profit entities
Urban, cities between 5,000 and 10,000 inhabitants	INVA, Savings and Loan System, Cooperatives, Municipalities
Urban, cities between 10,000 and 20,000 inhabitants	INVA, SNAP, Cooperatives municipalities, private enterprises
Urban, cities with more than 20,000 inhabitants	INVA, SNAP, Cooperatives, Municipalities, private enterprises

d) By Systems of Financing:

On the basis of the guidelines established in Chapters I and II, to facilitate a re-distribution of incomes by means of a more favorable financial treatment to low-income groups and to adapt the greatest possible number of programs and projects to the purchasing capacity of these families, a set of graduated financial systems is outlined. Existing funds, both national and international, should be managed in accordance with this end, following the nomenclature of "soft", "semi-soft" and "hard" loans. A similar treatment of the operation of the Social Housing Fund (FSV) is anticipated, as suggested in the corresponding Annex.

<u>FINANCIAL SYSTEM</u>	<u>PARTICIPATING ENTITIES</u>	<u>LEVELS</u>
"Soft" national and external funds	INVA, JNBS, Cooperatives (FSV)	Below-minimum, minimum both rural and urban
"Semi-soft", national funds, external funds, self-financing	INVA, Cooperatives, SNAP (FSV)	Low, medium-low
"Hard" funds, Savings and Loan System, internal loans	SNAP, Cooperatives, Private Enterprises, (FSV)	Medium
Commercial funds from the banking system	Private enterprises	High, medium-high

C H A P T E R I V

ECONOMIC AND FINANCIAL ASPECTS OF
THE HOUSING POLICY

Housing is extremely varied in its consequences as well as in its components. The family tends to select the dwelling which affords the best combination of immediate satisfaction, long-term housing security and the enjoyment of other goods, in accordance with the information and knowledge that is available and its margin of choice. This variety of consequences makes the Housing Sector represent something more than a dwelling place, inasmuch as it is considered also as a means of providing employment, contributing to the internal formation of the national capital and, in the last instance, contributing to the increment of the gross national product. "It can be said that housing is not the only commodity which influences, through its form and utilization, the quality of life in societies, but that it is an outstanding example of such a commodity". (1)

Insufficient consideration of the economic, social environmental and other implications of housing has led to the underestimation of the contribution that the Housing Sector can make to economic development and the underrating of the strategic part that it can play in a global development policy

1. Housing and Economic Development

Housing activity is important in the economic development of a country, since with the latter it is intended to achieve in a sustained manner a greater degree of welfare for the population, and one of the ways of showing the materialization of such improved welfare is through the habitat.

But the importance that the Housing Sector may have in the development process depends in a great measure on the role that, according to the Government's opinion, this sector should play. This role may range from serving as an integrating element in community development programs, as an instrument enabling the participants to obtain psychological and social benefits, to being a physical factor which must constitute an important part in the regional and urban development of the country.

(1) Wallace Smith "Housing - The Social and Economic Elements", page 32.

One of the objectives of a Housing Policy is to stabilize and develop the production of local construction materials, which generates import substitution and production economies for the whole construction Sector. Mass construction of houses imposes a heavy demand for labor, both skilled and semi-skilled, which represents a source of employment for the recent rural migrant, as well as for the settler in rural population centers. Lastly, housing as a complex and diverse product generates a considerable demand for other goods, thus stimulating manufacturing production. In summary, housing exercises a strong influence in three important factors of economic development, namely production, savings and employment, an influence that so far does not appear to be sufficiently acknowledged in the global development policies of the country.

The limited importance that has been given to the housing problem, the restricted resources of the Public Sector for housing, the insufficient use of potential resources by the institutions responsible for resolving of the housing problem, as well as the concept that the housing problem should receive conventional treatment (groups of completed houses) are the major factors that have influenced the low priority that has been assigned to the Housing Sector in the Honduran case. In confronting this situation, emphasis must be given to the concept that an important part of the available public resources should be applied as an instrument to stimulate savings, production and employment, rather than as a resource to satisfy the immediate consumption of completed houses. A government must not abdicate the priority role in investment allocation that only it can play, which may include the reservation and improvement of land for housing projects, the promotion for construction material industries and the establishment of specialized institutions and financial programs for low-cost housing.

(1)

Even though the registered and non-registered resources invested at present in the Housing Sector are not negligible, they are definitely insufficient in relation to the problem's magnitude. This situation is aggravated by the diversion of these resources in a preferential manner toward the medium and high income levels as a result of the conditions in the market which determines the investment.

This situation presents a problem for the achievement of the objectives and priorities that are proposed for the National Housing Policy if consideration is given to the fact that traditional housing finance resources can no longer be regarded as the basic foundation for a major change in the prevailing situation, inasmuch as a very substantial and sustained increase in the contribution of the Public Sector cannot be expected without directly affecting other investments in productive or infrastructure sectors; neither can drastic and spontaneous change be conceived on the part of the Private Sector, whose main objective is the

(1) Indeterminate but important amount from the Informal-family Sector.

maximum profit on its investment; and it is not advisable to consider a sharp increase in the external financing component due to international reasons and due also to the cautious policy that should be observed in regard to the national debt.

As mentioned in Chapter II, referring to the priorities and objectives of the Housing Policy, a very important factor to be implemented will be the reorientation of the resources now invested, in order to achieve specific social goals, thereby complying with the premise of simultaneously guaranteeing an increment in the national product and a better distribution of the incomes generated, which are fundamental objectives in the National Development Plan. Although the importance of the reorientation cannot be denied, this alone will not be sufficient to guarantee the dynamic development of the Housing Sector. It will be necessary to complement the above measure with the implementation of a new financial framework capable of generating and mobilizing new resources, which will complement the above mentioned traditional resources, one that takes in consideration, among others, the following important aspects:

- 1) The State will have the responsibility of the global management of the Sector, increasing its direct participation. This does not imply discrimination against the private sector but rather its development on the basis of a better articulation with national social and economic objectives.
- 2) A rapid review of concepts, norms and standards in housing will be indispensable in order to produce two effects: a realistic adaptation in terms of quality, area and use of the housing components compatible with the family incomes of a broad sector of the population; and the replacement of the static image of housing as a finished product, with another of progressive housing which implies in its realization a staged process, incorporating contributions from the beneficiaries in terms not only of money but also of direct labor, including, insofar as possible, their participation in an adequate social organization.
- 3) The roles of the various institutions, both financial and operating must be carefully coordinated as suggested in Chapter III, with the activities of social, economic and spatial planning, in order to rationalize to the maximum the use of human, material and financial resources.
- 4) An immediate mobilization of the social savings capacity must be sought creating new mechanisms, solvent and reliable, which will guarantee the strict compliance with foreseen social goals, in order to ensure the national confidence in such mechanisms, an indispensable condition for their success.

2. National Financial Structure for Housing

The financing of housing in the country, both for the Public and Private Sectors, operates through a relatively specialized system integrated on one hand by the banking system (composed of commercial banks, development banks and special financial institutions), and on the other by direct government contributions to specialized housing institutions (INVA, FINAVI) and supporting institutions (JNBS), as well as by lines of credit established by international agencies.

Figures from the Central Bank show that the accrued amount of loans for the item "Real Estate" totalled 120 million lempiras as of October 31, 1975. This amount is broken down as follows:

Chart No. 9

LOANS FOR REAL ESTATE

(Values in Current Lempiras)

Operation	Commercial Banks	Development Banks	Specialized Institutions	Total
Construction	65.505.000	535.000	21.638.000	67.678.000
Purchase	19.424.000	316.000	13.154.000	32.894.000
Liberation of Liens	165.000	75.000	17.000	257.000
Total	85.094.000	926.000	34.809.000	120.829.000

Source: Central Bank. Monthly Statistical Bulletin, Nov. Dec. 1975.

It can be said that housing finance comes from the specialized institutions, since the two other financial sources to a large degree channel their resources to the financing of commercial or industrial construction. Since the specialized institutions represent an important financial source for housing, it is convenient to analyze their resources which include primary internal sources (capital of shareholders, contributions from the Central Government, private savings) as well as local sources (loans secured from commercial banks) and external sources (BCIE, BID, AID and others), as can be observed in the following chart:

Chart No.10 Resources Obtained by Specialized Financial Institutions For Housing Up to October 31, 1975

(In Thousand Current Lempiras)

Institutions	Total Resources Obtained	S O U R C E S		
		Internal	Local	External
Bco. Hipotecario, S.A.	30.346.3	19.083.5	2.400.0	8.862.8
INVA	21.574.2	3.806.2		17.768.0
Savings & Loan Assns. Workers' Bank	18.113.9	8.969.7	2.641.5	6.502.7
	4.200.0			4.200.0
	74.234.4	31.859.4	5.041.5	37.333.5
<u>Non-Profit Associations</u>				
FEHCOVIL	14.647.0		554.3	14.092.6
FUNHDESA	5.498.0	3.499.0		1.999.0
	20.145.0	3.499.0	554.3	16.091.6
TOTAL	94.379.4	35.358.4	5.595.8	53.425.1

Source: FINAVI

We can now analyze the distribution of the 94 million lempiras according to the income of the families who have used this financial source, as shown in the following chart:

Chart No.11 Summary of Houses Financed by Savings and Loan Associations, FUNHDESA, FEHCOVIL and Banco Hipotecario, S.A. up to December 31, 1975

(Values in Current Lempiras)

Family Income Levels		Number of Houses Financed	Average Amount of Loans	Total of Loans Granted
Sub-minimum	-83	--	--	--
Minimum	84-166	1.267	3.073	2.206.600
Low	167-290	4	4.000	16.000
Medium-low	291-416	280	11.285	3.408.500
Medium	416-583	412	13.298	5.461.700
Medium High	584-999	1.320	18.171	26.579.234
High	+ 1000	959	23.949	23.918.753
TOTAL		4.242	14.500	61.509.787

Source: FINAVI

Analyzing Chart No.11 it can immediately be appreciated that the bulk of the loans (70%) have been destined to families with monthly incomes exceeding 291.00 lempiras and with a strong tendency toward those with incomes in the highest brackets; moreover, if the participation of FUNHDESA is discounted (1.093 houses for the minimum income bracket) and of FEHCOVIL (173 houses for the same bracket) we can see that virtually the remaining 100% has covered the medium income bracket and above with 97% of the investment. Regarding the Public Sector (only considering INVA), this has covered families with monthly incomes ranging from L.80.00 to 700.00, but with lower interest rates than in the Private Sector (4-1/2 to 7%, compared with 6 to 12%).

In regard to houses financed by the Public Sector, there should be added to the previously given data of Chart No.3, which in sum indicates 3.891 houses built since 1970, with an investment of 13.778.700 lempiras, an approximate total of 3.896 houses built between 1957 and 1969, giving a grand total of 7.797 houses.

As stated in Chapter II, the average production in the six-year period 1970-76 is 2.200 units per year. To provide the financing for a greater production, a mechanism has been established at the national scale, the Honduran Savings and Loan System, which is intended to stimulate the attraction of resources and to direct their investment under the leadership of the National Housing Bank, resources that will be destined primarily to increasing the volume of construction of houses for medium income levels. On the other hand, new financial mechanisms have been proposed which will permit increased investments in low cost housing for both the urban and rural sectors. The articulation of both levels will be an important objective of the Housing Policy so as to produce a complementarity of effort and resources, thus avoiding negative competition regarding the investment sources.

3. Financial Mechanisms for Housing

New: National Housing Bank (FINAVI)

An autonomous organization for public service, created by Decree No.208 of March 18, 1975, with objectives including: to execute housing credit policy; to establish savings and loan systems, to promote the creation of Savings and Loan Associations and Housing Cooperatives and similar organizations; to establish and maintain a secondary mortgage market; to contract internal and external credits; to promote and stimulate the investment of capital, of whatever origin, to finance houses; to grant insurance and guarantees for the recovery of mortgage credits; to participate in financing housing programs of social interest; to grant credit to Savings and Loan Associations and carry out other complementary actions of a similar nature.

Based on its attributions, FINAVI has defined the following goals for the period 1977 to 1980:

1. Generate mortgages in the amount of Lps.10,000.000;
2. Establish a secondary market for mortgages in the amount of Lps.10.000.000;
3. Attract Lps.6.000.000 in savings deposits.
4. Finance mortgages for approximately 2.150 houses and
5. Finance housing construction up to Lps.10.000.000.

In other words, what FINAVI seeks is to increase direct savings through the Savings and Loan Associations, expand the system and attract the resources of the secondary mortgage market, in order to generate the following resources in the indicated period:

Chart No.12

Resources to be Generated by FINAVI 1977-1980

Year	Seed Capital	Increment in Savings	Secondary Mortgages Market	Total Resources
1977	7.000.000	560.000	--	7.560.000
1978	3.000.000	1.460.000	2.500.000	6.960.000
1979		1.800.000	3.750.000	5.550.000
1980		2.200.000	3.750.000	5.950.000
TOTAL	10.000.000	6.020.000	10.000.000	26.020.000

Source: FINAVI

With regard to housing of social interest and in compliance with one of its initial objectives, FINAVI will devote part of the seed capital to houses for the medium-low and medium income brackets, with selling prices of Lps.7.000 to 24.000. It will at the same time dedicate the proceeds from the sale of mortgages in the secondary market to cover the same levels. Both resources will produce about 2.000 houses in the next 4 years. Concurrently and in accordance with

its attributions, FINAVI will carry out other actions tending to increasing its financial resources and in consequence to expand considerably its role as a housing financial institution.

To be Created: Social Fund for Housing

As a supplement to the National Savings and Loan System, it is proposed to create a Social Fund for Housing, based on a system of compulsory savings for housing on the part of employers and workers, which could produce additional resources which together with those generated by FINAVI, could take care of the necessities of the minimum deficiency pointed out in Chapter II.

The Social Fund for Housing contemplates the establishment of a compulsory tax on the incomes of the Labor Sector, the Entrepreneurial Sector and from Public Administration, establishing thereby a personal savings mechanism in the Fund which would enable, both at the individual and collective levels, the securing of credit for the purchase or construction of houses, through public or private institutions and in accordance with the party's economic capacity.

The main characteristics of the Social Fund for Housing would be two, namely:

1. The contributions to the Social Fund for Housing could not be withdrawn before a pre-determined period, except for investment in houses or under exceptional conditions, which would thus make it different from the system now existing in savings and loan associations.
2. The Fund will define a mechanism for the allocation of the savings attracted, fixing percentages by income brackets, in order to ensure its use in covering the necessities of the more needy groups.

The establishment of the Social Fund for Housing, whose detailed concept is contained in the corresponding Annex, signifies an increment in the national savings, assigning this new amount to the solution of the housing problems of the country, and benefiting to the workers by means of what could be considered as the equivalent of a salary increase for a specific purpose. Thus it would constitute an additional instrument in the implementation of priority objectives of the National Development Plan in accordance with its explicit goals of economic growth and social integration.

The effects that would be achieved with the combined functioning of the policies of the National Housing Bank and the Social Fund for Housing would be very important, since the sources of financing for housing would be expanded and stabilized; it would demand greater rationalization of the industries producing construction materials and the construction sector; would have a strong impact on employment and it would serve as a multiplying agent on the rest of the economy.

C H A P T E R V

TECHNICAL FACTORS AFFECTING THE IMPLEMENTATION OF THE HOUSING POLICY

In the preceding Chapters a summary has been made of the main socio-economic, institutional and financial elements which characterize the present housing situation of the country. Based on these, various aspects, objectives and goals have been outlined, as well as the complementary actions required.

The guidelines established imply the social and physical expansion of the Sector activities in order to assure that the general objectives contained in the National Development Plan for the Housing Sector are really achieved.

Due to the importance of certain technological factors in the successful implementation of the Housing Policy, in this Chapter a brief outline is included with respect to those which have direct bearing on it and which must be emphasized in order to give them timely consideration. These factors relate to: the spatial frame of development of the Housing Policy, the technology of construction and architectural design .

1. Spatial Frame of Development and the Housing Policy

The social and economic effects that the implementation of the Housing Policy will generate in labor, production and national savings should be channeled in harmony with the National Development Plan, in order to permit these to really form an integral part of the Government's actions in accordance with the development strategy which is sought for the country's balanced development. Consequently, it will be necessary to plan its implementation taking into account that , at the national or global level the foreseen behaviour of the macro-economic variables has already been defined and that on the sectorial level the roles of the different Sectors in the application of the strategy has also been defined and that it is only at the regional and local levels that these elements can be interrelated, encouraging the rational territorial expression of the strategy and the national development policies and translating them into a coherent physical development pattern for the country.

At present spatial factors are given little consideration in the sectorial plans being undertaken, as and the degree of compliance by the plans with stated goals and objectives is equally scarce, due to the fact that projects are being carried out in specific areas of sectorial concern and are not duly coordinated as required by an integral development approach.

The Housing Sector is not exempt from this criticism, despite the fact that the physical result, the housing, constitutes a basic component of physical planning. Hence, in the light of growing housing needs, both urban

and rural, it is imperative to achieve the highest degree of rationalization in its development, in order that the end product can effectively satisfy such needs.

With regard to urban housing, the most urgent problem is encountered in the two main cities, where a sustained population growth is registered and where a high percentage of the urban population of the country is concentrated, and where as may be expected, urban marginality reaches alarming degrees. Both Tegucigalpa and San Pedro Sula have recently completed master plans and there also exists a proposal for an Urban Development Law. These instruments have not been legalized as yet, and, therefore the country does not yet have urban development controls.

With respect to Rural Housing, its needs were traditionally unattended, but since the enforcement of the Agrarian Reform Law, programs are being carried for land recuperation and colonization which imply the settlement of thousands of families and which have forced the Government to give formal attention to housing, in accordance its assigned responsibility. Present estimates of INA indicate that in the next four years 20.000 additional families will be settled in the northern part of the country, a settlement that involves new physical developments of various magnitudes superimposed on the existing structure and must be developed in accordance with the hierarchy and the physical planning previously established at the regional level.

The housing needs of the rural population not benefiting from the agrarian reform constitute another broad field of action that is at present addressed in a very limited manner, but whose future attention is included in the outlines of the Housing Policy.

Since housing is not only the physical structure but it is also conceived in a broader sense as the habitat, consideration should be given not only to the direct housing needs, but also to those necessary infra-structural, institutional and basic social facilities.

The magnitude of the needs that must be attended in the short-term demands a very clear definition of the basic criteria governing the action of the Sector in order that there may exist a consensus of opinion, and so that complementary measures may be adopted which provide a technical and rational basis for the housing activity in the country.

The definition and legal incorporation of a regional planning system already submitted by the Technical Secretariat of CONSUPLANE to the Government's consideration for its approval, will provide the legal instrument required for this purpose, but while this is being established, as well as the master plans for Tegucigalpa and San Pedro Sula and the Urban Development Law, programs and projects should be developed within a regional framework of reference in order that the programs that are being carried out do not established negative precedents and other types of problems are not being created for future activities.

2. Construction Technology

One basic problem affecting construction in the country is the lack of general and specific rules and regulations, which regulate the activity of the Sector. This has meant that projects have been adapted to the possibilities afforded by existing materials and primitive traditional construction systems, and with respect to quality, the results are dependent on the experience and qualifications of the designers and builders. It is for this reason that excellent buildings are found as well as these with notorious defects in their conception and execution. One finds the application of a range of standards, from the excessive norms applicable to developed countries to no consideration at all of minimum norms.

In this situation the need for more secure standards in matters of soils mechanics, structures, etc. must be emphasized since with a history of repeated earthquakes, hurricanes and floods, it is imperative to have such rules that will provide minimum precautions for houses of social interest as well as the requirements of special cases.

The progressive increase of housing needs and the limited resources to satisfy them force the utilization of various programs, both in rural and urban sectors, based on the incorporation of the self-help effort of the beneficiaries in progressive development solutions. This leads to the necessity of "elastic" standards throughout the development process of this type of project until their completion. This elasticity must be incorporated in those norms that directly refer to materials, construction system, execution and control as they affect the cost, quality and duration of houses.

The result of the effort must produce realistic and simple rules, which guarantee the technical quality of houses, at the lowest possible costs, especially in those of social interest, and which permit their easy utilization and enforcement.

The construction standards will require periodic evaluations, and the incorporation of innovations supported by responsible organizations, in order to promote the technical advancement of the Sector as a function of the country's development.

In general terms it will be necessary to carry out the following steps:

1.- Review existing provisions or those under discussion regarding codes and urbanization regulations, infrastructure work, materials, design and construction, in order that on the one hand missing basic criteria may be defined and on the other housing programs of social interest may be accommodated.

2.- Adapt the rules to:

- a) The differential conditions by regions for urban and rural housing;

- b) The different income levels and the individual and joint forms of participation of the participants;
- c) The incorporation of progressive and self-help development concepts;
- d) The individual and family functions in the socio-economic facilities and the spatial aspects of projects;

3.- Create research institutions or bodies in the areas of:

- a) Research and testing of construction materials, techniques and construction systems, and
- b) Technology, standards and quality applied to the various components of housing.

With the support of private enterprises, the universities and the necessary consultantship.

4.- Undertake a feasibility study for the application in the country of modular standards and coordination, in order to rationalize and simplify the design and construction processes.

5.- Systematize and update the information and knowledge on the construction industry and the production of materials, in order to make them compatible with the demands implicit in the implementation of the Housing Policy.

6.- Reinforce and expand the training facilities for professional and technical personnel, craftsmen and Public Officials, in order to ensure the correct and timely application of the regulations and standards applicable to the Sector's activities.

7.- Study the informal sector in order to design mechanisms which will permit the maximum rationalization of the effort, consistent with construction processes normally used.

3.- Housing Design

There is very little experience in adapting housing design to the needs of the urban and rural habitats where the diverse types of families prevalent in the country-live, as a direct consequence of:

- 1.- The lack of basic studies in this respect
- 2.- The limited production of houses during the last 10 years, and
- 3.- The concentration of effort in the main cities of the country.

It is therefore essential to undertake studies which will define a complete typology covering the regional differences arising from natural (topography, climate, etc) cultural (family-life patterns, prestige symbols, etc.) socio-economic (social organization, occupation, income, etc.) technical (technological level, availability of construction materials, construction tradition, etc.) and permanence (temporary or permanent nature) factors. With a basic typology, which must be periodically reviewed, the specialized institutions could establish regional design prototypes, which represent a range of options which recognize the traditional factors which must be kept as well as the innovations that should be introduced. This will result in greater suitability of solutions to the needs of the users, greater acceptance by the participants and greater opportunity for housing to constitute another important instrument in the development process.

The typology studies have special importance both for the rural and the urban houses since in the first case there exists no experience in the country; and in the second case, even though some accumulated experience exists, it is not sufficient.

The results of the typology studies must be translated into alternative solutions for both areas which exploring all determining factors may produce ingenious solutions consistent with the various development stages that the country will go through.

The formulation of regionalized prototypes will promote the adoption of uniform standards by the construction materials industry, which will enable it to rationalize production and reduce costs. The implementation of uniform standards for materials must be translated into modular coordination of designs, which is very important, inasmuch as it not only permits reducing the cost of houses but also facilitates their execution even with non-skilled labor, which is consistent with programmatic outlines contained in the guidelines for the Housing Policy.

NATIONAL HOUSING POLICY

NATIONAL HOUSING COMMITTEE

Annex 1

I. Introduction

Within the general outline of the Housing Policy, included in the five Chapters of the Synthesis of the Frame of Reference, and as one of the specific recommendations, the creation of a "National Housing Committee" is proposed as the first stage of the structuring of the Housing Sector.

The need for the Committee was clearly established in the light of the various problems which determine and characterize the present behaviour of public and private institutions, and consequently of the Sector, and in accordance with the need to focus in a more realistic form and as a whole the housing problem of the country, and the need for maximum rationalization of the functioning of the Sector.

As the provisions contained in the outline of the Housing Policy coincide with suggestions made in the recent Conference on Habitat promoted by the United Nations, it is convenient to transcribe the following quotations from the proposed Declaration of Principles that clearly state the direction of approach of the efforts to be undertaken:

"We must not let ourselves be intimidated by the problems of human settlements, however serious they may be. The dimensions of the challenge have been measured and a great opportunity has been identified. During the next quarter century humanity must plan and build as much as already exists. It has, thus, the opportunity of planning and building better".

"To take advantage of this opportunity, human settlements must be seen as instruments and not as residual aspects of development. Ample national policies regarding human settlements can be employed with great results in order to meet other important questions of our time, such as the production of food, the improvement of the environment, the conservation of energy and the creation of jobs. Therefore, the objectives of the policies regarding settlements are indissolubly linked to the objectives of each of the Sectors of social and economic life".

"It only remains for Governments to decide to act. The main challenges will not be technological, since there exist already numerous adequate technical solutions, ready to be applied. The greatest challenge is in fixing new social priorities and in providing the leadership required to mobilize the infinite resources of mankind".

II. Justification

The National Development Plan outlines in its provisions a series of policies and measures tending to the expansion of the coverage of the actions and benefits of housing programs. Some of them have been met already or are in the process of inception, such as: the creation and implementation of the National Housing Bank, as the ruling entity of the Savings and Loan System; the implementation of the first Rural Housing Plan on the part of INVA; the systematization and updating of the National Housing Policy; the promulgation of integral inter-institutional projects; and other additional activities.

These new activities and others in the implementation process, represent new components which contribute to the Sector's complexity and emphasize the requirement for new approaches.

On the one hand it is sought to integrate housing actions into the fields of regional, urban and rural development; supplement the housing concept with the concepts of human settlements, habitat; a systematic and a more intense activity is contemplated with regard to rural housing; it is intended to expand operations systems with programs of sites and services, improvement and rehabilitation of "barrios" and the provision of basic services; to achieve the effective participation of private enterprises in housing of social interest; channel and assist the efforts of the informal sector; and implement a permanent financial base, by means of the creation of the Social Fund for Housing and the participation of FINAVI.

The achievement of these measures implies devices at higher levels of coordination, direction and supervision both in tasks on implementation of the National Development Plan and in the application of the Housing Policy, and in the preparation of the Annual Operative Plans and their budgetary compatibility, and in the formulation and implementation of specific projects.

The expansion of the coverage and of the financial resources, the impact of the incorporation of the Private Sector and the Work Sector through the Social Fund for Housing and the increased participation of the Private and Public Sectors, demand that the decision making in policies and measures be undertaken at a higher level than the level of the respective Boards of Directors of the institutions and entities.

The coordination sought must be accomplished at the general planning level, whose directing organization is CONSUPLANE, through which optimum utilization of existing resources, both national and foreign must be channeled; the integration of actions of executors and financiers; the hierarchization and specialization of institutions, and the expansion, at the national level, of operation and financial systems, thus overcoming isolation and the dispersion of housing programs undertaken in the past.

III. Proposal

Thus it is proposed to establish for the Housing Sector mechanisms of coordination at the decision and technical levels by means of the creation of the National Housing Committee and under it the Technical Housing Committee.

National Housing Committee

It would be attached to CONSUPLANE, as a high level device of sectorial decision, whose main mission would consist of coordinating, processing, promoting and evaluating the guidelines, policies and measures tending to the achievement of objectives and goals of the National Development Plan, the Annual Operative Plans and the functional-philosophic directions of the National Housing Policy.

The Committee would be composed of seven members, as follows:

- 1) The Executive Secretary of CONSUPLANE
- 2) The Manager of INVA
- 3) The President of FINAVI
- 4) The President of JNBS
- 5) The Manager of the Honduran Chamber of the Construction Industry
- 6) The Manager of FEHCOVIL , and
- 7) One representative of the non-profit Associations (FUNHDESA, CARITAS, CARE, CEDEN).

The Committee would not, of course, substitute for the Boards of Directors of the decentralized entities, autonomous or semi-autonomous which operate on the basis of such bodies, since what is intended through the Committee is to execute in a coordinated manner and in the sectorial context framed by the National Housing Policy, the policies outlined by said Boards

The Committee's basic functions would include:

- Analyze and conceptualize areas and groups of priority in accordance with the National Development Plan.
- Coordinate the distribution of roles of the various organizations that constitute the Sector, assisting them in accordance with their specific needs.

- Pass judgement, for the Government, through the Executive Secretary of CONSUPLANE, on general aspects of planning, financial, technical and administrative.
- Coordinate inter-institutional actions.
- Serve as link between the Public and Private Sectors.
- Advise the agencies on legislative proposals, institutional reforms, requests for external credit, new operative systems, pilot projects, etc.
- Establish the feasibility of having the necessary financial resources for the study of specific projects of common interest. (In Sites and Services, Land Bank, Mechanisms for Emergency Programs, etc.)
- Recommend to the Government on the management and utilization of land
- Establish guidelines for the integration of the Sector within regional urban and rural development plans, in accordance with the broad concept of human settlements.
- Advise on the Sectorial Financial Program, evaluating the resources of the public entities, the availability of national budget allocations, the possibilities of internal and external credit, the contributions and financing of the Private Entrepreneurial Sector, the resources of private non-profit organizations, the contributions of the beneficiaries through savings or family labor, and the feasible amounts from the Social Fund for Housing.

Technical Housing Committee

This Committee will be under the National Housing Committee, and will be the technical body of general support in accordance with its attributions.

The Technical Committee would be integrated by an inter-disciplinary integrated professional staff of seven members as follows:

- 1) One Planner in representation of CONSUPLANE, who would act as Coordinator
- 2) One Architect in representation of INVA.
- 3) One Economist in representation of FINAVI.
- 4) One Social Worker, in representation of JNBS.

- 5) One Engineer in representation of the Honduran Chamber of the Construction Industry.
- 6) One Housing Cooperative Advisor in representation of FEHCOVIL, and
- 7) One Business Manager or Social Promotor in representation of the non-profit Associations.

The above members of the Technical Committee would be appointed, after approval by CONSUPLANE, by their respective and transferred on a permanent mission of exclusive dedication to the Committee and work at the office assigned to the Committee. They would have the necessary technical and administrative supporting personnel to assist them in the performance of their functions.

Among the general functions of the Committee, those which have special importance may be mentioned, such as:

- Coordinate the formulation of programs of the various institutions of the Sector, within the frame of the Sectorial plan.
- Study and propose to the National Housing Committee, the bases of the sectorial short-term policy in the context of sectorial plans, as well as the measures necessary for the implementation of the plan, the actions necessary to ensure the progress of different programs and projects of the Sector, the criteria for the formulation and integration of the sectorial budget, the bases for sectorial participation in the decisions of shared responsibility and other similar aspects.
- Study, propose and further the process relative to the conception and materialization of specific projects of sectorial interest.

The joint functioning of these two Committees would permit the following achievements:

- Integrate the decision making and technical levels within the Sector.
- A sectorial treatment of respective decisions.
- A global treatment of sectorial problems in CONSUPLANE.
- An effective coordination between the various components of the Sector and
- A more integral direction of the Sector and of its inter-sectorial relations.

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