

PD-ACD-444

June 5, 1978

William Mann, Jr.
Regional Housing Officer

Trip Report - Visit of May 25 - June 2, 1978 to Chile

Mr. John D. Kilgore

CHILE - HG-006B (Second Phase) \$25,000,000 - Urban Program

USAID / Case

~~RECLASSIFIED~~

Date: JUN 19 1978

Acción: NAN a
(attach)

Info: A.R.
CHRON

As of May 29th a total of \$48,272,530.07 had been disbursed by the Central Bank to sub-borrowers leaving \$1,727,469.93 available from the \$50,000,000 drawn so far. No difficulty is expected in meeting conditions for drawing the last \$5,000,000. The Central Bank first anticipated a need for these funds in July but a review with sub-borrowers showed that mid August is a more reasonable target.

A total of 6,270 urban units have now been completed by SERVIU and 3,035 by SINAP for a grand total of 9,300 units.

Due to a favorable IPC - dollar/peso exchange rate "gap" the SINAP expects a surplus of around \$300,000 with which it hopes to build fifty or so units over and above those programmed.

The present reading is that the completion of all construction and establishment of eligible mortgages on all units will not be accomplished until April 1979. Completion of some rural projects and the extra SINAP units may delay until then. Completion of the original urban program is expected in September 1978.

The Central Bank

Gonzalo Valdez left the Bank to accept an executive post with the Melon Group's financiera. Adolfo Goldstein moved to Gonzalo's former position as Manager of Reserves. Guillermo Green is now Manager of International Operations. Mauricio Larrain goes to Harvard in August on a Bank scholarship to study for a Masters degree. These changes should have no adverse impact on loan administration.

The following second phases urban projects were inspected:

Metropolitan Santiago Area

El Roto Chileno - 64 units

This is one of six projects demonstrating the feasibility of multi-family low-rise inner city solutions, as an alternative to peripheral

sprawl, for low income families. The 50m² 3 bedroom units are in four story walk-up blocks which raise density without necessitating elevators. Officers of the coop expressed satisfaction with the quality of this project, now about 95% complete. In reply to questions about essential maintenance to automatic water pumps, they explained that a guarantee covers the first year. Nevertheless, they are having a caretaker trained by the manufacturer's representative and are increasing the monthly social quota in order to cover his pay. The cost of each apartment is \$4,050.

Bacte - 88 units

Works on this high density, four story project should be completed by July 15th. Construction quality is good but the over crowded site makes continuation of the coop especially important to the minimization of social problems.

Region VIII

Talcahuano

Cerro Verde	-	238	units
Emb. Concepción	-	35	"
Villa San Rosendo	-	104	"
Mezosur	-	70	"
Coengas	-	35	"
Servisa	-	77	"
El Fortín	-	40	"
Rucapillan	-	77	"
Carriel Sur	-	30	"
Jaime Lea Plaza	-	75	"
Notarias	-	23	"
Panificadores	-	26	"

These coops compose an extensive development of a single area of Talcahuano. Many are of duplex units in several designs, the most interesting of which roofs a 1/2 storey mezzanine for later completion by owners. Several large families have already used separate resources in adding bedrooms to accomodate children in the 1/2 storey, and generally with good taste and utility. Streets, presently expanses of mud, must be improved.

Rualme - 60 units

This project, completed some three months ago, is being steadily improved by owners. More importantly, the coop organization is continuing to function in improving the community. They are presently attempting to build a community center. Instead of constructing a wooden structure to be improved later, their aim is to build a permanent facility in stages over an estimated three years.

Los Angeles

Antuco - 35 units

In three storey two bedroom walkup units of about 45 m², this project is nearing completion. Owners are already applying plastering to walls left unfinished by the contractor. No problems were noted.

Carab BioBio - 80 units

These are attractive units with a 1/2 storey roofed with clay tile for later expansion into a total of around 88 m². Quality and progress are good. This coop is voluntarily assisting 80 families from a squatter settlement of about 300 families to build minimum shelter by self-help. Though their coop spinoff operation is commendable, they are almost entirely without resources. A modest Special Development Fund grant could go a long way in this context.

Anef I - 80 units

This project is of well designed, compact two bedroom units with provisions installed for later expansion. Quality and progress are good. No problems were noted.

Lirquen

Jaime Lea Plaza - 75 units

These wood units, rural in appearance, are fully occupied and seem to be serving purposes of the low income families which own them. A family of thirteen which we visited finds their house to be a giant step up from their former condition. Improvements were few, an indication that these families may be hard pressed to maintain the wooden structure.

Tome

Milade Asfura I - 94 units

Milade Asfura II - 58 units

These projects an adjacent sites use an attractive house design built of prefabricated wood panels on concrete slabs. The units are attractive in appearance but have a problem of leaks and heat loss through a skylight over the bathroom. The solution discussed with the SERVIU representative was to seal skylights, install a false ceiling and ventilation fan in bathrooms.

Region VII

Linares

Villa Lorena - 40 units

Several units have wall cracks in the same location which may indicate a structural flaw. The SERVIU office for the region was requested to make a thorough investigation as basis for a technical analysis to include recommendations. The addition of a column at the crack point may be a solution.

Pilocoyan - 67 units

Areas of the site need filling. We were informed that this is a responsibility of the coop. Several families are expanding these masonry units with wood construction. While no action should be taken to check these efforts to meet family requirements, technical advice should be provided so as to achieve more sightliness and utility.

Talca

Los Marquis - 62 units

Villa Belen - 52 units

These adjacent projects use the 1 1/2 story solution satisfactorily. Families are already installing stairways to the second floor where space is available for two bedrooms. No problems were noted.

Rural Program

Of the more than \$48 million disbursed, only \$488,660 was for the rural program. However, SERVIU has spent over \$1 million which the Central Bank is to reimburse. The following rural projects were inspected:

Paininos Unidos - 220 units

The location of this project is an important Central Valley vegetable and fruit producing area. It is especially famous for melons. The majority of coop members were said to be agricultural workers.

Construction was about 3 weeks behind schedule. It was suggested that there is room to double the present workforce of 116. The contractor agreed to try this over the days ahead but pointed out that he must truck all skilled labor out from Santiago, although plenty of unskilled workers are available in the area. The likelihood is that production will increase. There were no problems with materials.

It was too late to rectify the design of these 45 m² units which uses too much space in circulation.

Alto Jauhel - 174 units

This project for vineyard workers has the backing of owners because by relocating scattered families into one site about 50 Ha. can be re-covered for grape production. For workers it represent a vital step away from the feudal system of a company home to family home ownership.

Construction was delayed because of errors in the low bidders calculations, but this has been resolved. Work has now commenced and site preparations made to move forward with all deliberate speed. The contractor has set up his concrete batching plant and has about 100 m² of sand, 100 m² of gravel and 1 million bricks on the site. The excavation of foundations has begun. Two bedroom units of about 46 m² are of an expandable design appropriate for rural families. Foundations in what is apparently expansive clay have been increased in size and extended to a depth below surface water seepage.

Letters of Credit

Operations under this line of credit, open to commercial banks as well as to the S&L system, are increasing. Since October 1977 some \$29 million in mortgages have been financed. Under this line operations have exceeded those of the traditional SINAP line (for which down payment on deposit for nine months is still a requirement) by almost 300%. So far, the trading of letters in secondary market type operations has been rare. This aspect has not yet been promoted.

Total mortgage lending by the nine banks participating so far slightly exceeded that of the SINAP (see attachment). Activity by banks is expected to increase.

New Subsidy System

Applications are now being received by SERVIU for subsidies under the new system (see our memo of April 4, 1978) but it is evident that demands will exceed the 10,000 units budgeted for. SERVIU in Concepción has already received about 2,500 applications. Coops should do well under the competitive system since many will receive points for owning urbanized land.

It is too soon to assess the operation of this system.

General

The sale of S&Ls to private interests continues to have supporters, among whom is the general manager of Ahorromet, the largest S&L. The evaluation team should carry a specialist in this aspect as well as in

housing finance, including secondary market operations. A September ETA appears about right.

After a visit to a nutrition program sanitary core "casetas" project some months ago, we suggested to SERVIU that they examine this concept for possible application under its program. Though MINVU's assessment was favorable, they have not yet taken concrete action to adopt the concept. An interesting recent finding is that a significant number of families having the sanitary core (bath and kitchen) have made improvements to their adjoining shelters. These units have apparently had the healthy effect of influencing families without benefit of the sanitary core to also make improvements (see attached memo). Contact should be maintained with this project which aims to study improvements to health and nutrition as may result from better sanitation facilities.

A Santiago newspaper published the attached well documented account of the HIG program.

Historical information was gathered as background for preparing a work scope for the Case Study type evaluation to be performed later.

The new AID ^{REPRESENTATIVE} ~~Affairs Officer~~, Dick Apodaca, at post for only a week, was briefed on program status.

Futurism

Central Bank officials mentioned that during a "despedida" lunch Ex-Acting Director Don Matthias stated that reconsideration of Chile by AID as a middle income country could possibly arise in the future and that thought might be given to the possibility of passing a HIG loan directly to some private or cooperative agency in "people to people" fashion instead of to a GOC Agency. These prospects arose in conversations at the Central Bank and in other parts. Among conjectures were loans to an S&L association, to an open housing coop (one, HABITACOOP, discussed the possibility of an OPG with Bob Culbeston) to the Coop Federation, or to a labor union. In response to our reminder that a GOC guarantee would be needed the question of using mortgages as an alternative guarantee was raised. We could not sanction this alternative. An idea mentioned by SINAP people was a HIG loan through BIAPE.

cc: Mr. Mario Pita
Mr. Richard Apodaca

GERENCIA OPERACIONES DE VALORES
 Depto. Valores Hipotecarios

SANTIAGO, 18 de Mayo de 1978

FINANCIAMIENTOS OTORGADOS (OFICINA SANTIAGO)

(En miles de \$ y en U. F.)

LINEAS DE CREDITO	SALDO AL 30.4.78	FINANC. CURS.ENTRE EL 1°.5.78 Y EL 18.5.78	PAGOS ORD.Y EXT. AL 18.5.78	SALDO AL 18.5.78
A) AYUDA FINANC. DIARIA				
1) CAJA CENTRAL AAP	3.440.409 ✓	3.508.975 ✓	3.456.526 ✓	3.492.858 ✓
2) ASOCIACIONES AAP				
a) Ahorromet	61.628 ✓	20.182 ✓	25.061 ✓	56.749 ✓
b) Casapropia	25.099 ✓	19.815 ✓	3.773 ✓	41.141 ✓
c) Lib.Bdo.O'Higgins	18.226 ✓	18.387 ✓	1.211 ✓	35.402 ✓
TOTAL "A" EN \$	3.545.362 ✓	3.567.359	3.486.571	3.626.150 ✓
B) L/C ACDO. 1.159 (Con AHORRO PREVIO)				
a) Ahorromet	84.080 ✓	3.564 ✓	1.020 ✓	86.624 ✓
b) Casapropia	89.089 ✓	4.302 ✓	1.057 ✓	92.334 ✓
c) Lib.Bdo.O'Higgins	155.431 ✓	4.032 ✓	1.650 ✓	157.813 ✓
TOTAL "B" EN U.F.	328.600 ✓	11.898 ✓	3.727 ✓	336.771 ✓
C) LETRAS CRED. HIPOT. ACDC. 1.159				
1) <u>ASOCIACIONES</u>				
a) Ahorromet	350.757 ✓	41.649 ✓	5.024 ✓	387.382 ✓
b) Casapropia	209.498 ✓	14.393 ✓	2.653 ✓	221.238 ✓
c) Lib.Bdo.O'Higgins	177.081 ✓	25.250 ✓	2.572 ✓	199.750 ✓
d) Diego Portales	58.544 ✓	7.364 ✓	671 ✓	65.237 ✓
e) Patagonia	25.219 ✓	4.485 ✓	153 ✓	29.551 ✓
SUB TOTAL C-1 EN UF.	821.099 ✓	93.141 ✓	11.073 ✓	903.167 ✓
2) <u>BCOS.COMERCIALES Y DE FOMENTO</u>				
Hipot.y de Fom. Nac.	256.787 ✓	29.384 ✓	2.839 ✓	283.332 ✓
Hipot.y de Fom.Chile	80.451 ✓	13.213 ✓	925 ✓	92.739 ✓
Unido de Fomento Español	7.506 ✓	1.251 ✓	56 ✓	8.709 ✓
de Chile	242.129 ✓	63.294 ✓	- -	305.423 ✓
Sudamericano	19.070 ✓	2.518 ✓	178 ✓	21.410 ✓
de Talca	27.629 ✓	3.984 ✓	115 ✓	31.409 ✓
del Estado de Chile	90.605 ✓	3.430 ✓	739 ✓	93.266 ✓
del Trabajo	67.613 ✓	18.830 ✓	489 ✓	85.264 ✓
	4.818 ✓	1.460 ✓	85 ✓	6.193 ✓
SUB TOTAL C-2 EN UF.	796.608 ✓	137.364 ✓	5.426 ✓	928.546 ✓
TOTAL C EN U. F.	1.617.707 ✓	230.505 ✓	16.499 ✓	1.831.713 ✓

Handwritten signature and date:
 15/78

~~UNCLASSIFIED~~

Santiago, May 19, 1978.

MEMO TO : Interested Persons.
FROM : Alejo Hott, Jorge Weinberger, Bart Burkhalter.
SUBJECT : Housing Improvements Due to Caseta Construction.

On May 26, the three of us visited the CONPAN environmental sanitation project in Maipú. Our purpose was to gather data which would give CONPAN a clear picture of the extent of the housing improvements generated by the casetas.

We surveyed 56 houses with casetas (21% of 270 constructed) and 54 without casetas. The 56 casetas were a representative sample from five scattered locations throughout the study area. (Using a rough map of the area, we identified five street segments with a "starter house" at a corner. We then surveyed each house with a caseta in the segment, beginning with the starter house.) The 54 non-caseta houses were taken from one large sub-area.

We walked through the neighborhood, observing the houses from the street, and occasionally stopping to inquire if the situation did not seem clear. We classified housing improvements into three categories: Major Improvements (a new house, either built or in construction, or a new concrete foundation for a new house, moving the old house onto a new concrete foundation adjacent to the caseta, or a major addition to the old house, usually one or more rooms connecting the old house with the caseta), Minor Improvements (some evidence such as painting, cement walkways around the caseta, or porches or small rooms connecting the caseta to the old house), or No Improvements. In the caseta houses, improvements since the casetas were easy to identify because the casetas were of a standard construction and when built were physically separated from the houses. All of the major improvements connected to the casetas. In the non-caseta houses improvements after the casetas were more difficult to determine: improvements in-progress were clear, but completed additions were more difficult. Whenever possible we asked, but this was not always possible.

We separated the houses into two kinds: those on front streets and those on side streets. Previously collected data and general knowledge of the neighborhood indicates that families in the front streets have higher incomes than families in the side streets. We wanted to test the hypothesis that most of the improvements were occurring on the front streets where they are apparent, rather than in the poor families who live on the side streets.

Tables N° 1 and 2 below present the results, and Table N° 3 the house-by-house data for caseta houses. In summary the results are:

1. 53% of the caseta houses had made some improvement, and 30% made a major improvement.
2. 22% of the non-caseta houses made some improvement, and 13% made a major improvement. (It is not clear what portion of these improvements are in fact caused by the construction of casetas in a near-by area.)
3. We observed 2 non-caseta houses that had constructed a caseta by themselves after seeing casetas being built. We talked to both of these families. (This represents 2 of the 7 non-caseta houses with major improvements.) We also observed two houses located in the "caseta-neighborhood" that had not received casetas, but were doing major improvements. Apparently, then, the casetas are causing some improvements in neighboring houses without casetas.
4. There is a statistically significant difference (at the .001 level) in housing improvements between the caseta and non-caseta houses. (We did not include the two non-caseta houses that had constructed their own casetas.)
5. There is a higher percentage of major improvements in front street caseta houses (39%) than in side street caseta houses (24%), but this difference is not statistically significant. There is essentially no difference in minor improvements between the front and side street houses.

TABLE N° 1				
Housing Improvements by Caseta Families				
	Number of Houses with:			Total Houses
	Major Improv.	Minor Improv.	No Improv.	
Front Street	9 (39%)	5 (22%)	9 (39%)	23 (100%)
Side Street	8 (24%)	8 (24%)	17 (52%)	33 (100%)
Total Houses	17 (30%)	13 (23%)	26 (47%)	56 (100%)

TABLE N° 2		
Housing Improvements in Non-Caseta Houses		
Type of Improvement	Number of Houses	(%)
Major Improvement	5	(9%)
Self Built Casetas	2	(4%)
Minor Improvement	5	(9%)
No Improvement	42	(78%)
Total Non-Caseta Houses	54	(100%)

We believe two further inquiries should be made. First, the housing improvements on a house-by-house basis should be related to other data on that family, such as economic level, water usage, diarrhea, malnutrition, and education level. Second, an additional survey of the sort done here should be made of an area more separated from the study area (and therefore less likely to be contaminated by the caseta intervention) in order to establish more reliable norms of housing improvement. More reliable indicators for measuring improvements in the last year (after the casetas) are also needed for this survey.

TABLE N° 3
Data on Housing Improvements Around Casetas
Maipú, - May 26, 1978

N°	STREET		TYPE OF IMPROVEMENT			N°	STREET		TYPE OF IMPROVEMENT		
	FRONT	TYPE SIDE	MAJOR	MINOR	NONE		FRONT	TYPE SIDE	MAJOR	MINOR	NONE
1	✓		2			36		✓			✓
2	✓		1			37		✓			✓
3	✓				✓	38		✓		1	
4	✓				✓	39		✓			✓
5	✓				✓	40		✓		2	
6	✓			1		41		✓			✓
7	✓				✓	42		✓		3	
8	✓		1			43		✓	4		
9		✓		3		44		✓			✓
10		✓			✓	45		✓	3		
11		✓			✓	46		✓	3		
12		✓			✓	47	✓				✓
13		✓			✓	48		✓			✓
14		✓			✓	49		✓			✓
15	✓		4			50		✓			✓
16	✓			1		51		✓	1		
17		✓			✓	52		✓		1	
18		✓	4			53		✓		1	
19	✓				✓	54		✓			✓
20	✓				✓	55		✓	1		
21	✓		1			56		✓		1	
22	✓		4								
23		✓		1		T	23	33	17	13	26
24		✓	3								
25	✓				✓						
26	✓		5								
27	✓		5								
28	✓			1							
29	✓		5								
30	✓			1							
31	✓				✓						
32	✓			1							
33		✓			✓						
34		✓			✓						
35		✓	2								

CODE:

Major Improvements:

- 1 - New House Completed
- 2 - New House Partially Constructed
- 3 - Concrete Foundation
- 4 - Moved Old House to New Foundation Adjacent to Caseta
- 5 - Major Addition to Old House, Usually Connecting to Caseta

Minor Improvements:

- 1 - Roof, porch, or small connecting room between Old House and Caseta
- 2 - Concrete walkway or patio connected to Caseta
- 3 - Painted Caseta, House or both.



Este tipo de casas se construyó con el préstamo de AID. El precio final fue bajo, especialmente debido al aporte de los pobladores de terrenos y urbanización, y los dividendos resultaron apropiados para ingresos medios bajos. Este programa es considerado el mejor de 90 proyectos de AID en todo el mundo

Para la Vivienda:

Exitosa Aplicación De Crédito de AID

El Subsecretario de Vivienda y Urbanismo, Comandante de Grupo, ingeniero Arthur Clark, informó a "El Mercurio" que el crédito otorgado a través de la Agencia Internacional de Desarrollo, AID, para la construcción de viviendas de cooperativas había tenido un excelente resultado, estando próximo a completarse el plan de construcciones.

"En septiembre deberán quedar terminadas las últimas 1.342 viviendas a lo largo de todo Chile", informó Clark. Lo acertado de los proyectos chilenos ha sido reconocido por el Banco Interamericano de Desarrollo, en cuyo boletín de febrero se publicó un elogioso comentario sobre la política de vivienda realizada en Chile, señaló el Subsecretario.

En dicho boletín se informa que una misión de la Contraloría General de los Estados Unidos (General Accounting Office), luego de visitar las obras ejecutadas con los recursos de la AID, consideró los programas de Chile como "los mejores entre 90 proyectos de la AID a nivel mundial".

Con los fondos primitivamente destinados al Ministerio (50 millones de dólares), se otorgaron créditos a 105 cooperativas para la construcción de 7.612 viviendas urbanas, distribuidas geográficamente entre Arica y Valdivia. La superficie total de construcción asciende a 392.042,68 metros cuadrados.

LAS VIVIENDAS

Las viviendas en su mayoría son de albañilería y en un piso, con una superficie edificada que fluctúa entre 42 y 68 metros cuadrados. Constan

de estar-comedor, dos y/o tres dormitorios, baño y cocina.

Actualmente se encuentran terminadas 6.270 viviendas entregadas y con contrato de uso y goce que comprenden 90 cooperativas. La superficie edificada es de 313.133,81 metros cuadrados.

Además, se encuentran bajo contrato de construcción 15 cooperativas con un total de 1.342 viviendas y cuya fecha de término se estima a septiembre del presente año.

Con cargo a los 5 millones de dólares otorgados a través de IFICOOP se están atendiendo 8 cooperativas rurales en las Regiones Tercera, Quinta y Metropolitana, con 857 viviendas con sus correspondientes urbanizaciones y una superficie total de 43 mil 376,46 metros cuadrados.

En consecuencia, las cooperativas urbanas y las rurales atendidas o en actual atención ascienden a 113 con 8.469 viviendas y una superficie total de 435.417,44 metros cuadrados.

El Programa anteriormente referido, financiado con los créditos garantidos por la Agencia Internacional de Desarrollo, ha sido complementado con cargo a fondos proporcionados por el Sector. Esta complementación comprende 6 cooperativas ubicadas en la III Región con un total de 238 viviendas y una cooperativa en la V Región con 143 viviendas, lo que totaliza 7 cooperativas con 381 viviendas y 19.756,53 metros cuadrados de edificación.

La inversión efectuada, al igual que el Plan Rural con

cargo al crédito garantido por AID, incluye la urbanización de los respectivos predios en

(Continúa en la página 28)

Exitosa Aplicación de

(De la página 25)

que se construyen las viviendas.

Los dividendos que actualmente se están pagando por asociado fluctúan, al mes de abril del presente año, entre

un mínimo de \$ 390 y un máximo de \$ 1.184.

El costo promedio de las viviendas es de US\$ 4.370 cada una.

Cabe señalar que los ante-

cedentes que aquí se han proporcionado, no incluyen los 20 millones de dólares otorgados a la Caja Central de Ahorros y Préstamos dentro del mismo crédito AID.

VIVIENDAS TERMINADAS Y EN EJECUCION DE COOPERATIVAS CREDITO URBANO AID (*)

Región	Número Coop.	Número Viviendas	m2. Construidos	N.o Viv. Terminadas	N.o de Viv. por Terminar Sept 1978
Primera	9	848	41.467,70	381	467
Segunda	9	516	28.192,49	516	—
Cuarta	10	429	24.512,14	252	177
Quinta	6	767	46.162,84	578	189
Metropolitana	33	2.647	137.067,78	2.206	441
Sexta	3	178	7.945,80	178	—
Séptima	18	1.069	47.038,86	1.069	—
Octava	16	1.144	59.038,27	1.090	54
Décima	1	14	616,70	—	14
Total	105	7.612	392.042,68	6.270	1.342

(*) No incluye SINAP.

VIVIENDAS EN EJECUCION DE COOPERATIVAS — CREDITO RURAL AID — CON FECHA DE TERMINO 2.º SEMESTRE DE 1978 (*)

Región	Número Cooperativas	Número Viviendas Urbanas	m2. en Construcción
Tercera	3	77	3.927,00
Quinta	3	386	19.353,46
Metropolitana	2	394	20.094,00
Total	8	857	43.374,46

(*) No incluye SINAP.

TOTAL COOPERATIVAS URBANAS Y RURALES FINANCIADAS CON CREDITO AID (*)

	Número Cooperativas	Número Viviendas Urbanas	m2. de Construcción
Urbanas	105	7.612	392.042,18
Rurales	8	857	43.374,46
Total	113	8.469	435.416,64

(*) No incluye SINAP.

VIVIENDAS EN EJECUCION DE COOPERATIVAS RURALES CON CARGO AL SECTOR Y FECHA DE TERMINO 2.º SEMESTRE DE 1978

Región	Número Cooperativas	Número Viviendas Urbanas	m2. en Construcción
Tercera	6	238	12.648,00
Quinta	1	143	7.108,53
Total	7	381	19.756,53