

HISTORY OF

THE AGENCY FOR INTERNATIONAL DEVELOPMENT'S
HOUSING AND URBAN DEVELOPMENT PROGRAM

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I. DRAFT EXECUTIVE SUMMARY

AGENCY FOR INTERNATIONAL DEVELOPMENT'S HOUSING AND URBAN DEVELOPMENT PROGRAM

II. THE PRECEDING YEARS.

A. *Program Characteristics*

Serious U.S. interest in international housing began to develop during the late 1950's. Under the leadership of the U.S. savings and loan and home building industries, the early objectives were to: promote an understanding of the positive economic impacts of housing development; create savings and loan systems in Latin America; and, obtain U.S. government guarantees of U.S. private sector investments in overseas' housing.

Early successes in housing oriented savings programs in Puerto Rico and Peru served as examples to anti-housing groups, that financial institutions could be initiated and maintained by a lower income population. Interest in, and the success of these programs led to a meeting between members of the U.S. and Peruvian housing industries in 1956 to study the feasibility of establishing a savings and loan system in Peru. The results of this study formed the catalyst for preparation of Peruvian legislation for a savings and loan system, and President Eisenhower's authorization for U.S. financial assistance for the savings and loan system through the newly created Development Loan Fund.

B. Organizations.

From 1949 to 1954, U.S. foreign aid to developing nations was administered through several agencies: the Technical Cooperation Administration; the Foreign Operations Administration; and finally, the International Cooperation Administration (ICA). Funding for the first Peruvian savings and loan association was to come from ICA's Development Loan Fund. However, housing was not a lending category in the 1957 Act that created the fund. This constraint was most likely one of the key factors which led to ICA's involvement in the writing of the Foreign Assistance Act of 1961.

The U.S. savings and loan industries' international interest dates back to 1948, when industry leaders traveled to the International Union of Building Societies and Savings Associations in Europe, to revive an international program for the development of housing finance institutions. It was under the auspices of the ICA and the U.S. Department of State, that the savings and loan industry became involved in the middle 50's, in efforts to start housing finance systems in Latin America. At the National League's 1956 annual meeting, the Federal Home Loan Bank System Committee recommended that the federal government undertake the guaranty of loans for direct housing investment in Latin America.

C. Legislative Impacts.

In broad historical terms, it was only recently that U.S. foreign policy focused on providing economic assistance to developing nations. In 1947, Secretary of State George C. Marshall proposed a plan for economic assistance for the European countries devastated by World War II. Turning from a policy of isolationism, the plan proposed U.S. stimulated economic revival as a means of promoting democratic political and social institutions. The plan was institutionalized as foreign policy by President Truman in his 1949 Inaugural Address when he put forth a

bold new program for making U.S. advances and progress available for improvement and growth of underdeveloped areas.

The second major reorganization of foreign assistance took place in 1961. First, President Kennedy created the Agency for International Development (USAID), and gave it authority for all foreign economic assistance programs. Second, Congress passed the Foreign Assistance Act of 1961. Section 222 of the Act established the Housing Investment Guaranty Program (Housing Guaranty), and authorized an initial \$10 million of guaranty authority to encourage housing programs in Latin America. The Housing Guaranty program was designed to be self-financing, with administrative costs paid from loan origination fees. Interest rates were to be comparable to commercial lending rates, and loan funds were to be solicited from the conventional U.S. commercial capital markets.

D. Forces Influencing the Program Evolution.

Other than the strong influence of the savings and loan industry on the shaping of the program during this period, one other force is worth noting. Much of the interest in the writing of the 1961 Act came from a small number of southern U.S. home builders. They were motivated by the desire to build housing developments in Mexico. Their purpose was to expand their potential market area, and transfer American residential building procedures and techniques to Mexico. To induce American bankers into such a venture, they needed a loan guaranty from the U.S. government to offer the lenders as security for mortgages made on property in foreign countries.



III The Builder period—1961--1965.

A. *Program Characteristics*

The early years of the Housing Guaranty Program was characterized by issuing guaranties assuring against risks of loss of investments by individuals, partnerships or corporations, in pilot or demonstration private housing projects in Latin America, of types similar to those insured by the Federal Housing Administration, and suitable for conditions in Latin America.

Guaranties for loans were issued on a project by project basis. The *unstated* goal of most of the projects was to expand the market for American home builders by allowing them to build housing projects in Latin American countries such as Mexico. However, to do so their lenders required additional security over and above a mortgage against the land and physical improvements. This would be achieved with a guaranty of loan repayment by the U.S. government. The *stated* goal of each project was to act as a pilot program to demonstrate American residential land development and construction techniques including, suppliers, skilled labor, materials, assembly systems, components, and jobsite supervision.

The projects were selected on a "first come, first serve" basis, according to FHA feasibility processing requirements normally used to provide multi-family rental mortgage insurance on projects constructed in the United States. Three elements were evaluated: the proposed project's site conditions, and its location with the urban environment; the availability of similar housing in the immediate area and its potential impact on the market for the proposed housing; and, the pro-

posed estimated development costs including land and structures, plus the structure and terms of the financing, both as measured against maximum amounts, and affordability of the potential market.

B. Office of Housing Organization and Staffing.

With the formation of USAID in 1961, an Urban Development Division was created under the Latin American Bureau, and located in Washington D.C. The division was divided into the following sections: Housing Guaranty, Urban Development, Capital and Institutional Development, and Development Planning. Besides staff in Washington D.C., other personnel were located in various Central and South America countries: Panama, Guatemala, Peru, Bolivia, Argentina, and Nicaragua. Staff were also located in Jamaica and the Dominican Republic, in the Caribbean, and in Nigeria, in West Africa.

Early projects in Africa and Asia were also carried out under A.I.D.'s Extended Risk Guaranty Program, headed by George Hazel with the Africa Bureau. These loans were later assumed under the portfolio of the Office of Housing. [Dates not clear.]

The first Director of the Office was Ed Wise. The second and third Directors were Murray Silberman and Herb Adleman, respectively. In this period prior to 1965, other professional Agency staff working on housing included: Charles Barnett, Joseph Basine, Paul Bridston, James Cash, Arturo Constantino, Jeremy Dresser, George Easson, Gertrude Gibas, Neil Goodson, Roger Nau, George Hazel, Edmond Hoben, John Howley, Donald Laidig, William Lowenthan, Layton MacNichol, Norman McEvers, Herman Meyers, Guido Nadzo, Edward Palash, Harold Robinson, Arthur Valdez, and Carl Zenger.

C. Other Organizations

The National Association of Home Builders (NAHB) played a key role during this period. Led by its chief counsel, Carl Coan Sr., NAHB worked hard with the House and Senate Banking and Currency Committee staff, to structure the "61" Act with workable provisions. Its other counsel, Ed Wise, went on to become the first director of the Office of Housing.

The American Federation of Labor—Congress of Industrial Organizations (AFLCIO), was also instrumental during this period: first in their lobbying efforts; and second, by their active participation in implementing the program with the builders. Key people from the AFLCIO during that period included: Bill Doherty, Peter Kimm, Mike Vela, and Mario Pita, the later three of whom went on to join USAID in its housing efforts.

The AIFLD. No data available at this time.

The National League of Savings and Loan Associations (NLSLA) formalized a relationship begun with ICA in the late 50's, by entering into a basic agreement with USAID in 1963. Under the terms of this agreement, NLSLA provided staff to perform regional surveys to determine the need for further feasibility studies, and to coordinate technical assistance missions. More important to the pre-1963 period, however, was their participation in the technical and financial reviews for both proposed and ongoing housing projects, guaranteed under the Housing Guaranty Program.

Prior to the involvement of the NLSLA in the technical review aspects of the Housing Guaranty program, the federal Government's House and Home Finance Agency and its Federal Housing Administration (FHA) multifamily rental under-

writing staff performed the site, market and financial processing required to approve the submission of projects from builders. In addition, working with locally retained architects and engineers, its staff performed the monthly percentage of construction completion, and compliance with the plans and specifications inspection, that was required prior to disbursing additional loan funds to the builder.

The 1961 Foreign Assistance Act marked the birth of USAID's Housing Guaranty program. In 1960, Senators George Smathers and Wayne Morris introduced a bill authorizing savings and loan associations to invest a limited percent their assets in the new housing finance systems being established in developing countries. The bill did not become law. However, with the support of the NAHB, the AFL-CIO, and others, Section 222 of the 1961 Foreign Assistance Act included authority for the U.S. government to guaranty loans granted by private investors to build housing in Latin America. Senator Sparkman was one of the most influential advocates for the Act, serving on the Foreign Assistance Committee and chairing the Senate Housing Committee. Claude Pepper, a Congressman today, Senator Jacob Javitz, and Congressmen Dante Fascell, Chairman of the Foreign Affairs Committee at the present time, and Jim Wright, current speaker of the House, were also involved in working on the Foreign Assistance Act.

D. Forces Influencing the Program Evolution

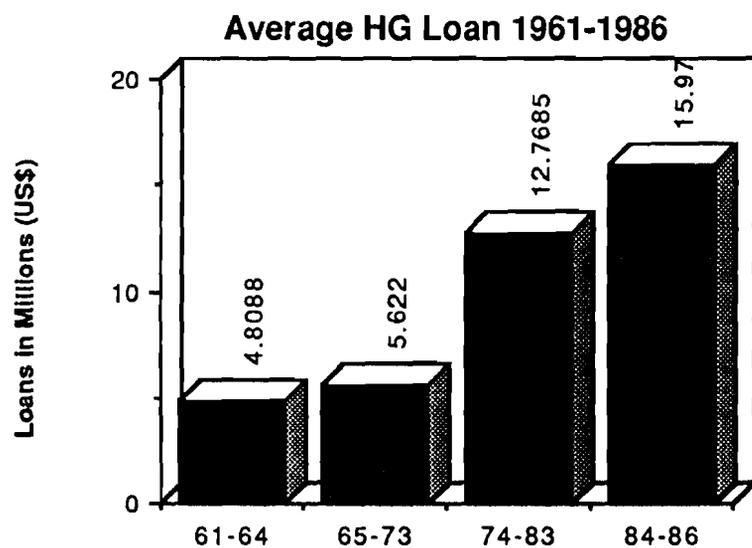
While it was a clear policy that U.S. foreign economic assistance was to be used to stimulate economic development that would lead to the development of democratically controlled political and social institutions, it was not clear how this was to be achieved. Therefore, from the outset of the Program through 1965, the implementation of foreign assistance packages tended to be structured on a program by program basis, rather than as a comprehensive strategy directed at either the urban or rural sectors.

The second major force shaping foreign assistance during this period was the monetary inflation being experienced by most of the Latin American economies, and the resulting necessity for devaluing the local currencies against the U.S. dollar. Devaluation was an essential international monetary policy for correcting currency imbalances caused by high rates of local inflation. However, devaluation had a negative impact on the principal amount and repayment structure of a loan made in foreign currency prior to the time when a devaluation occurred. In countries where run-away inflation was a fact of life, subsequent local currency devaluations made the loan repayment problems ever greater. This problem ultimately lead to the development of reserve funds, and the necessity of a host country guaranty of future loan repayment, in the amount of the foreign currency at the time of the making of the loan.

E. *Financial Profile*

During the period up to fiscal year 1965, there were 23 loans either authorized or under contract. The average loan size was \$4,800,000. The average loan term was an annual interest rate of 6%, with the principal amount repaid over a period of 22.5 years. Forty-three percent of the loans were made without a local guaranty. Forty-three percent, not all of which were without local guarantees, have subsequently been subrogated.

An analysis of the portfolio of loans made during this



period shows the following: [Note: This is a needed area of research. We should expand the loan portfolio database to include particulars such as names, locations, area, number of units, unit types, construction materials, site plan features, community facilities, social structure, etc. This would most likely require a search of each loan's documentation records: not difficult where that documentation is available, although time consuming.]

F. Program Impacts.

First attempts by U.S. builders at projects developed and constructed in Latin American countries met with mixed success. The problems encountered with acquiring land, determining land use, and obtaining adequate offsite sewer, water and electricity to service the land were difficult in a foreign environment. These were compounded by unfamiliarity with local building codes and permits, local sources for supplies, equipment and laborers, and importation regulations for supplies and equipment brought into the foreign country. These problems led the U.S. builders to enter into joint ventures with local builders, to acquire on-site experience. Although this proved to be of some help in some cases, it was not effective enough.

A second set of problems occurred around legal issues. It is fairly common that some construction problems require resolution within the court system; issues such as: payment claims by materials providers, suppliers, subcontractors, and laborers; contract performance and completion claims; and disputes between joint-venture partners and project owners. Resolution of these issues became extremely difficult for the U.S. builders, when faced with differences within foreign laws.

As the program built up momentum, it became apparent to the local governments that, even though they were required to become involved in working out some of the problems, there was nothing to be directly gained by them from the program. Therefore, necessary approvals for land use designations, permits, offsite utilities, and customs clearance became more difficult for the U.S. builders to obtain. Ultimately, these problems brought about the restructuring of the program.

The program did achieve some level of its original goal of transfer of technology. Local construction trades did become familiar with and develop skills in American-style residential construction assembly systems and components. Local joint-venture builders were able to adopt some of the land development and jobsite supervision techniques that they learned through participation with their U.S. partners.

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IV. The Savings & Loan Period—1965 thru 1973.

A. Program Characteristics.

Involvement with the savings and loan institutions originated in the early 1960's, when technical assistance was provided primarily by individuals from the U.S. Saving and Loan industry, and was funded by the Latin America Bureau to help establish savings and loan systems and associations in Latin America. Thus, the evolution from the predominantly "builder-driven" period to a program more driven by the savings and loan institutions, was a gradual transition of the Housing Guaranty Program's focus. Because of the problems encountered by the U.S. builders during the earlier years, both the builders and USAID attempted to find ways to overcome the program constraints, while still achieving the Government's foreign assistance goals, and following the Housing Guaranty Program legislation. This change in program focus shifted away from the pilot project concept, to one of emphasizing the development of local housing finance systems. Such a shift in the Housing Guaranty program's emphasis necessarily involved a gradual change in the institutional actors. The U.S. building industry became less involved, and the U.S. savings & loan industry became more involved.

The Latin American savings and loan institutions also were involved in the earlier period through the origination and servicing of mortgages for buyers of housing produced by the private developers and builders.

This shift in emphasis becomes most apparent when examining the Housing Guaranty program's outputs. The *Builder Period* produced projects constructed by U.S. and U.S./local joint-venture partners. The projects were a local asset only to the fortunate renters, and in some cases to those involved in constructing the project. The program required the application of FHA underwriting criteria, and

a U.S. labor-intensive loan disbursement and collection system. The *Savings & Loan Period* produced local savings and loan associations which were much more local labor intensive; it also worked toward the individual ownership of housing. The program was a local asset not only to those who lived in the houses, but also to the community in general, and to the local government.

Most importantly, the Savings & Loan Period resulted in the development of local, national and international economic institutions, which promoted both democracy and private enterprise. A local savings and loan association was created for a given geographic area. The local association became a member of a country wide group of associations. And finally, USAID was able to achieve a union of associations which joined together each countries' group of associations, into the Inter-American Union of Savings and Loan Associations.

B. Office of Housing Organization and Staffing.

The Urban Development Division under the Latin American Bureau of USAID, changed in 1968 to the Housing and Urban Development Division, continued to be responsible for the Housing Guaranty program until 1973. The actual Office of Housing as we know it today came into being in 1971, when the division was split from the Latin American Bureau to be elevated to the level of a separate but equal Bureau. In 1965, the Urban Development Division was headed by Stanley Baruch, and contained two sections; an Office for Capacity Development headed by Peter Kimm, and an Office for Policy and Program headed by Harold Robinson. In 1969, a Regional Housing and Urban Development Office was opened in Guatemala City, Guatemala. In 1973, the Office of Housing was reorganized by its new director, Peter Kimm, with a central office in Washington D.C., and regional operations offices established for Latin America, and Asia/Africa. In addition, housing advisors were located in the following Latin American countries: Bolivia, Ecuador, Peru, Panama, Argentina, Columbia, Venezuela, Brazil, and Guate-

mala. Still other Agency staff with housing responsibilities were located in Vietnam, Nigeria, and the Ivory Coast.

Professional staff carried over from the previous period included Neil Goodson, George Hazel, Ed Hoben, John Howley, Layton MacNichol, Edward Palash, and Carl Zenger. In addition to Baruch, Kimm, and Robinson, new key staff members joining the Office of Housing during the 1965 through 1973 period were, Aaron Benjamin, Theodor Bratrud, Juan Cabrero, Francis Dimond, Milton Drexler, Daniel Driver, Robert Freed, Donald Gardner, John Kilgor, James McVoy, Frank Pavich, Mario Pita, Ronald Russell, William Shea, Xavier Vela, Paul Vitale, Albert Votaw, and Sean Walsh.

C. Other Organizations.

In the mid 60's, the National League of Savings & Loan Associations attempted to lobby for Congressional passage of a bill to create a U.S. based International Home Loan Bank. However, this effort lost momentum partly because of the U.S. involvement in Vietnam, but mostly because of the success of the USAID Housing Guaranty program. With technical assistance from the League, among others, the Housing Guaranty Program had made 10 loans by 1964. However, these loans were made by commercial banks because the U.S. savings & loan industry was precluded from participating in the Housing Guaranty program prior to 1965, because of a provision in their enabling legislation.

This was corrected by a 1965 amendment to the Homeowner's Loan Act. In addition, the Housing and Urban Development Act of 1967 made the Housing Guaranty Program eligibility worldwide, and authorized the Federal Home Loan Bank to acquire and sell participations in Housing Guaranty loans. With these legislative prompts, the League's members accounted for 85% of all the Housing Guaranty loans from 1969 to 1977.

The Federal Home Loan Bank Boards of New York and Boston were also instrumental in the growth of the Housing Guaranty Program. Individual savings and loan associations were prohibited from investing more than 1% of their assets in Housing Guaranty loans. With the exception of the largest savings and loan associations, most associations were not large enough to participate in the program. With the passing of the 1967 Act, the Boston and New York Boards were able to create Housing Guaranty loan pools by selling participations in groups of guaranteed loans, to any size of individual savings and loan association. In effect, this allowed for an industry-wide pooling of savings assets.

The Inter-American Union of Savings and Loan Associations was created in 1964 at a Special Assembly of the Inter-American Savings and Loan Conference in Caracas, Venezuela. Organized as an international union of national groupings of individual savings and loan associations, it developed and carried out local, regional, and national programs to organize and assist savings and loan activities on the local level. With the cooperation of its member associations, the central banks, and the regulatory agencies, it became instrumental to the development of the Latin American savings and loan system. Among its foremost achievements was the creation of the Inter-American Savings and Loan Bank.

Congressional activities were also instrumental to the development of the Savings and Loan Period. Led by Congressman Dante Fascell, and Senators Hubert Humphrey and John Sparkman, Congress passed the 1965 amendment to the Homeowners Loan Act, the Housing Guaranty sections of the Housing and Urban Development Act of 1967, and the Alliance for Progress initiatives to support the development of democratically controlled political and social institutions in Latin America. The housing initiatives were spearheaded by the House Foreign Affairs Committee and its staff.

The Foundation for Cooperative Housing (FCH) was a principal supplier of technical assistance during this period. Under an indefinite quantities contract with USAID, FCH provided both short and long term resources for field missions to carry out feasibility studies, and to undertake the implementation of programs aimed at developing cooperatively owned housing.

Chase Manhattan Bank. [Further research required here.]

U.S. Savings & Loan League. [Further research required here.]

D. Legislative Impacts.

The Alliance for Progress initiative, introduced by Senator Hubert Humphrey and passed by Congress in 196?, had major implications for the expansion of the Housing Guaranty program during the Savings & Loan Period. In essence, this legislation offered support to activities which strengthened democratically controlled political and social institutions in Latin American. The purpose of this bill was to counter the potential for the spread of revolutionary activities from the new communist government in Cuba, to other countries in Central and South America. The concept of middle class populations, saving and borrowing for homeownership through locally based democratically controlled membership institutions, provided strong incentives for the ideological struggle against a possible communist takeover of Latin America. The fact that these local membership associations could be tied together through country wide umbrella membership institutions, and ultimately an Inter-American Union of Savings and Loan Associations, made the program even better. Because of this, U.S. government authorization for the Housing Guaranty Program under the Alliance for Progress increased from an initial \$10 million to \$XX million.

The Homeowners Loan Act of 19XX, formed the body of enabling legislation that initiated the U.S. saving and loan industry. Even though the industry was active in promoting an international movement, it was at the same time specifically prohibited from using its membership's assets to make investments outside of the United States. With the U.S. political momentum gathering to create a savings and loan system in Latin America, it was necessary to change this provision within the Act. The 1965 Amendment to the Act accomplished this by allowing individual associations to invest up to 1% of their assets in Housing Guaranty program loans guaranteed by the U.S. government.

With the legal ability to lend its assets in Latin America with a U.S. government guaranty of repayment, the U.S. savings and loan industry faced one more hurdle against structuring a large scale involvement in the Housing Guaranty program.

The problem was that individual associations were limited in the size of their investments to 1% of assets. This hurdle was removed by the Housing and Urban Development Act of 1967. First, the Act authorized the Federal Home Loan Banks to purchase Housing Guaranty loans from, and to sell participations in Housing Guaranty loans to, its members. These changes created pools of Housing Guaranty loans owned by the savings institutions and the Federal Banks, to which an individual association could sell its Housing Guaranty loans, and then make more Housing Guaranty loans without exceeding the 1% asset restriction at any given time. The pool also allowed smaller associations to participate up to their 1% limitation, by joining with other associations in a Housing Guaranty loan. Second, the Act made the Housing Guaranty Program worldwide.

E. *Forces Influencing the Program Evolution.*

A number of factors converged during this period to impact the program's evolution. The local governments in Latin America increasingly supported the development of the savings and loan programs as a solution to shelter for middle in-

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come families. The Savings and Loan industry expanded rapidly during this period. The private sector, including builders, borrowers and savers, also supported this approach to shelter development.

The inflation experienced by these countries put increased pressure on the program to require local guaranties of housing guaranty loans. The program in Argentina collapsed as a result of rapid inflation, and that office was closed in 1975. Long term debt was no longer feasible in the face of such rapid inflation. The regional office in Caracas closed in 1974.

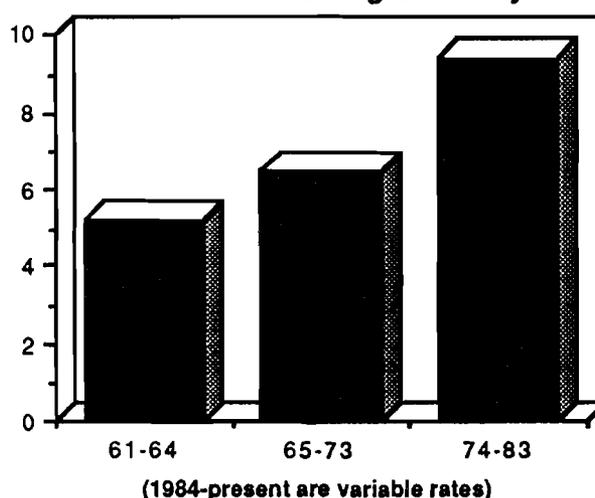
With the devaluation of local currencies, borrowers found it more difficult to repay their loans to the U.S. investors, again increasing the pressure for a shifting of the risk from the Guaranty Program to the government of the developing country.

As a consequence, the need for guaranties from the host country governments promoted a shift to lending through the public sector.

F. *Financial Profile*

From 1965 through 1973, sixty five loans were authorized, with an average loan amount of \$5,622,000. The average loan term increased slightly to 24 years, with the annual interest rate rising to 6.5%. Only 24% of the loans were made without a local guaranty.

Interest Rates on Housing Guaranty Loans



10% of the guaranties authorized were in Africa, 5% in Asia, 62% in Latin America and 23% in the Near East.

G. Program Impacts

The primary impacts of the program during this period is its success in assisting the rapid growth of the savings and loan and credit union systems in Latin America. The program was most succesful in the development of the intermediary institutions, and in their lending for middle income housing.

The program was not as successful in moving these institutions to serve lower income families. The Government Accounting Office wrote a report growing from a visit to Central America that criticized the program as "failing to reach the poor". Some loans were also criticized as foreign exchange transfers (Israel and Chile).

V. The Basic Human Needs/National Housing Bank Period—1973 through 1983

A. Program Characteristics

In the early years of this period, there were several major policy developments. First, a new shelter sector policy was adopted in 1973, responding to the Congressional mandate to concentrate A.I.D.'s program on the poor majority. After a year's experience with the Shelter Sector Policy of 1973, a revised policy statement was issued in October, 1974. This policy clearly directed A.I.D. shelter resources to be invested in projects benefiting low income groups either directly or indirectly.

The impact of these changes on the program was significant. Housing programs had to be re-designed to be within the reach of families earning below the median income. Standards had to be lowered; less than "complete" units were required; delivery systems had to be changed; financial resources had to be recovered to respond to the dimensions of the problems.

Guaranty programs served as a vehicle for affecting national housing and finance policies to address the magnitude of the need in light of the relatively small amount of resources available. The Office of Housing also worked to strengthen the public sector institutions that provided the framework for implementing shelter policies.

Activities of the Office during this period concentrated on: alternative interest rate policies and cost recovery; advising on minimum standards; sites and services approaches; technical assistance to create viable institutions to mobilize savings; technology transfer.

1976 saw the first concentrated effort on slum upgrading, including facilities for water, sewage, electricity and roads. Planning processes, in addition to financial and physical aspects, expanded to include the social and economic components of low income neighborhoods in an effort to improve, incrementally, the quality of life for the residents of these areas.

By 1978, with the increasing recognition that shelter development and community development are interdependent, the authorizing legislation was amended to allow the financing of community facilities and services, including schools, health clinics, community centers, job skill training centers, employment offices, markets, small industry centers and even post offices. This resulted in increased work with the informal sector and the private and voluntary organizations working with them.

The Office of Housing and the Office of Urban Development jointly initiated the Integrated Improvement Program for the Urban Poor (IIPUP) that aimed to provide improved social services in conjunction with housing guaranty and development loan and grant programs.

By 1980 water and waste water components comprised nearly 25% of the project costs. Other growing emphases included: role of women; solar energy and conservation; collaboration with other donors.

Training and technical assistance loomed larger. The first Shelter Workshop was held in November, 1979. In 1982 an Urban Development Support Service Project was developed. The Occasional Papers Series began in 1980.

B. Office of Housing Organization and Staffing

Stanley Baruch left as Director of the Office on January 31, 1973, and Peter Kimm became the fourth director. During the directorship of Stanley Baruch, the program was concentrated in Latin America. With Peter Kimm as Director, the program rapidly expanded to worldwide coverage. Regional offices opened in: Nairobi—1975; Tegucigalpa—1975; Seoul—1976; Santiago—1976; Tunis—1977; Panama City—1977; Bangkok—1979; and Kingston—1980.

Staff also expanded rapidly. In 1973 there were 25 staff; this increased to 50 by 1983. (See data base on Personnel by Year.)

An Office of Urban Development was created in the Development Support Bureau to undertake urban related research and development.

C. Other Organizations

Numerous organizations worked with and supported the programs of the Office of Housing and Urban Programs. They include the following:

National Savings and Loan League: supervisory inspection of the operations of the fiduciaries; underwriting surveys; studies for new projects and construction inspection under supervision of the Office of Housing;

Foundation for Cooperative Housing: coop housing institutions; neighborhood organizations; community standards; management aspects;

Institute of Financial Education (formerly the American Savings and Loan Institute): seminars, extension courses, training programs in savings and loan management;

OPENING OF REGIONAL HOUSING OFFICES: USAID

<u>Office</u>	<u>Date Opened</u>	<u>Date Closed</u>	<u>First Director</u>
Guatemala City, Guatemala	1969 ?	1975	J. Kilgore
Caracas, Venezuela	1971	1974	E. Hoben
Buenos Aires, Argentina	1971	1975	N. Goodson
Addis Ababa, Ethiopia	1972	1975	R. Zenger
Abidjan, Ivory Coast	1972	open	A. Votaw
Nairobi, Kenya	1975	open	N. Goodson
Tegucigalpa	1975	open	J. Kilgore
Seoul, Korea	1976	1979	S. Walsh
Santiago	1976?	?	?
Tunis, Tunisia	1977	open	R. Zenger
Panama City, Panama	1977	open	J. Kilgore
Caribbean	1978 (from D.C.)		N/A
Bangkok, Thailand	1979	open	S. Walsh
Kingston, Jamaica	1980	open	N. Goodson

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Federal Home Loan Bank Board: economic research into housing finance in developing countries; technical assistance both in the U.S. and abroad as required;

American Security and Trust Co: U.S. fiscal agent for the guaranty program; (later Riggs National Bank);

Inter-American Savings and Loan Union, providing training services and facilities to Latin American housing finance institutions;

Pan American Development Collaborative: with policy and program development assistance; project technical assistance.

Lesser technical roles were provided by: Phoenix Housing Development Corporation; Boon, Young Inc - Abeles Schwartz, Inc.; Ecoforum; Pratt Associates; Real Estate Research Corp; Washington Service Corp; Communications Corps; Inter-American Bar Association; Jones, Day, Reavis, Poague, Inc.; Louis Berger International, Inc.; Clapp and Mayne; DeVoy Collaborative; Robert R. Nathan Associates; Rivkin Associates; Peat, Marwick Mitchell and Co.; Mathematica Policy Research; PADCO; Latin American Development Corporation; Multi-Family Housing Services.

D. Legislative Impacts

As evidenced by the legislative changes noted above (*Program Characteristics*), Congress favored direct aid to people below the median income, rather than a "trickle down" approach. Both the Congress and the Administration stressed basic human needs in foreign assistance.

The requirement of a guaranty from the host country caused the other major legislative impact on the program during this period.

The Foreign Assistance Act was modified in 1975 to include "programs of urban development, with particular emphasis on small, labor intensive enterprises, marketing systems for small producers, and financial and other institutions which enable the urban poor to participate in the economic and social development of their country." Changes were also made to the PL480 legislation, and greater participation of private, voluntary organizations was encouraged.

On May 27, 1976, A.I.D. adopted a comprehensive policy statement on Urbanization and the Urban Poor which notes that: "in the cities of many developing countries more than 50 percent of the population is reported to be living in squatter settlements and slums--and are straining existing urban facilities, services and other resources, as well as the ability of the national economy to be responsive."

E. Forces Influencing the Program Evolution

Numerous factors affected the evolution of the housing efforts of the Agency during this period. Most notable was the growing awareness among shelter professionals of the actual and potential impacts of rapid urban growth, and the need to develop strategies and approaches that respond to this need in all its dimensions.

The Office of Housing was able to add grant funds and Mission funds to increase its resources for responding to the shelter and urban problems. Program approaches required much greater technical assistance efforts, and more systematic tools, such as the housing needs assessment methodology.

The requirement of a local guaranty increased the role of the host country government, converting the program to a government-to-government loan program.

"Graduates" of the Peace Corps joined the staff of the Office, supporting the increased emphasis on broader community participation and more comprehensive programming.

The programmatic approach of incremental development encountered substantial resistance in the local countries and in the U.S. They feared that the program would result in the fostering and perpetuation of urban slums.

F. Financial Profile

Between the years 1974 and 1983, 96 loans were authorized. The average loan size is \$12,768,500. This is more than twice the average loan size of the previous period. This results primarily from the change in institutional channels. The average loan term is 30 years, with a rate of 9.4%. The longer term and the higher rates are a reflection of the global inflation during this period. Nearly a third of the loans bear variable rates. 43% of these loans have been subrogated.

15% of the loans are for African countries; 13% in Asia; 49% in Latin America; and 23% in the Near East.

G. Program Impacts

The major program impact during this period is the radical change in program characteristics: sites and services and core housing, following later by urban upgrading and emphasis on infrastructure.

Local governments recognized the value of participating in the Housing Guaranty program in that they receive U.S. currency, with a grace period, providing them an opportunity to improve their debt situation.

Also resulting from the program during this period is a growing realization by local governments that rational urban development policies are essential if they are to resolve their urbanization problems. These policy changes become the sharper focus of the program.

Through numerous training conferences, seminars and workshops, the Office has stimulated the development of a world-wide network of local government housing professionals. This informal network is encouraged through publications, newsletters and audio-visual productions. Staff and consultants of the Office also provide workshops and lectures at various conferences, such as the United Nations Habitat Conference held in Vancouver, Canada in 1976.

VI The Public/Private Period—1983 to 1987

A. *Program Characteristics*

This period is characterized largely by an effort to establish an appropriate balance between the roles of the public and the private sectors in the development of shelter and urban services. The first two periods involved program implementation by private lenders and private U.S. builders. The third period focused on public finance and shelter institutions.

New programs, such as those in India (1983) with the Housing Development Finance Corporation, India's first private sector housing lender, and Kenya (1983), attempt to stimulate the private sector to design, construct and finance housing for low income families. Projects attempt to demonstrate that they can be profitable for developers, appropriate for consumers, and reasonable for housing finance institutions to service.

Programs expand to include a higher percentage of services in addition to formally developed housing: infrastructure; public facilities; credit to the informal sector. Overall, there is greater acceptance of a role for the informal private sector in urban development.

This period also includes the introduction of computer technology at a serious level into shelter finance and development.

The role of government becomes more clearly that of solving problems that individuals cannot solve themselves: land with secure tenure; infrastructure; availability of credit for upgrading. Thus the government provides the environment for private resources to resolve their own problems.

Effective strategies for urban development include a number of common elements:

- investment policy that recognizes the significance of shelter production to the national economy;
- high degree of reliance on private market systems and private development of housing: credit more available to all;
- Cost recovery in the provision, maintenance and financing of housing and urban services;
- Adoption of affordable, appropriate standards for housing, infrastructure and other urban services;
- Adoption of rational administrative procedures that encourage private investment in housing and land development;
- Development and support of efficient institutions, both public and private, that are capable of participating in the production and finance of shelter and urban development.

B. Office of Housing Organization and Staffing

There are no significant structural changes during this period, and the Office continues to rely on a mature, decentralized organization, with seven regional offices and the central office, with its two divisions: operations; and policy and urban programs.

C. Other Organizations

Several additional technical assistance providers have been added during this period, while others have reduced their roles. The new providers include: Community Marketing Systems; Technical Support Services; ABT Associates; Deloitte Haskins and Sells; The Urban Institute; and, Community Consulting Group, International.

D. Political and Legislative Impacts

The Office has had to withstand a serious attempt by the Reagan Administration to eliminate its guaranty authority, along with that of other Agencies with guaranty authority. This is paradoxical, since the program has been largely self-sustaining through its fees and is consistent with the philosophy of the Administration.

E. Forces Influencing the Program Evolution

Global economic forces have had a major impact on the program during this period. Numerous target countries face debt crises in the face of deteriorating economies. The Office undertook a rescheduling of loans during this period for a number of countries, and sought additional funds from Congress for this purpose.

Several moves within the Agency for International Development also caused impacts on the program: first, the locating of the Office of Urban Programs under the Office of Housing in 1982; and second, the placing of the Office of Housing and Urban Programs under the Private Enterprise Bureau.

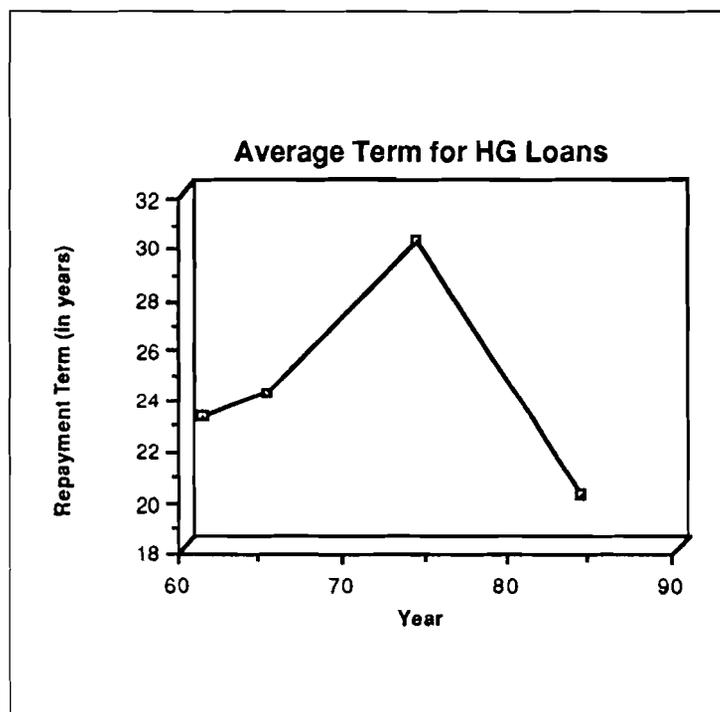
Other major factors include: very high real interest rates in the USA and world markets; high value of the dollar versus most world currencies; high public and private sector borrowing requirements in the U.S., which are consuming world savings; the weakness of the world's commodity prices, which has reduced many developing countries' earning capacity; frequent misuse of massive commercial borrowings in developing countries, which did not contribute to sustained economic growth.

F. Financial Profile

From 1984 through 1986, the Agency has authorized 27 loans, with an average of \$15,977,000. The average term has dropped to 20 years, and all of the rates are variable.

The loans are for:

Africa	7.78%
Asia	27.8%
Latin America	32.0%
Near East	26.6%
Interregional	12.6%



G. *Conclusions*

The Agency's shelter and urban programs have evolved steadily and radically since the early 1960's. Initially the housing guaranty program funded pilot projects for middle income families, with housing built by private sector institutions and U.S. builders. These early efforts assisted in the creation of the private savings and loan system throughout Latin America. By the end of the decade, the program began to expand into a worldwide shelter lending effort.

In the early 1970's, the Agency's shelter programs initiated a strategy to address basic shelter needs by providing minimal services to larger proportions of the urban poor through sites and services, core housing projects, and slum upgrading. The programs demonstrated that lower income families could be served by the regular credit system. Programs helped reorient policies to appropriate and affordable housing solutions, and tried to emphasize that subsidies make it impossible to address the scale of the need.

Through these experiences, and challenged by demographic changes and economic conditions in the developing world, the Agency's programs currently work to capture the energies of individual initiative, make them more efficient, and provide a supportive environment for the private sector to meet its own needs. The role of the Agency and its Office of Housing and Urban Programs is to accelerate and assist in the national process of sorting out the issues: what policies can be made; what actions can be taken to solve the problems. The donor agency role is assist local governments to: stimulate and facilitate the formal private sector to serve lower income groups; provide infrastructure for the informal sector; review policies and limit subsidies.

APOLLO I

Interest in aided self-help in the housing industry has been growing in the United States since the 1940's. In 1947, on an international level, the United Nations printed two publications on aided self-help in housing. This view towards international housing affected U.S. policy on the subject and on January 29, 1949, in his Inaugural Address, President Harry S. Truman said, . . ."Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped area."¹ This became known as Point Four and between the years 1949 and 1954 several agencies initiated this "bold new program": in 1949, it was the Technical Cooperation Administration; in 1953, the Foreign Operations Administration; and in 1954, the International Cooperation Administration (ICA).

Those involved in these agencies and other organizations in the housing industry were interested in creating viable international housing institutions and in changing negative attitudes towards international housing projects. In 1948, two executives of the National Savings and Loan League met with European leaders of the International Union of Building Societies and Savings Associations to discuss reviving the Union. Stanley Baruch, a member of the ICA at this time, stated that in 1954, the ICA was involved in educating economists opposed to international housing programs about the

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benefits of such activities.² There was considerable anti-housing development doctrine holding that construction of houses consumed resources, rather than produced them.³ Many authorities in the United States and in Latin America felt that low-income families could not save sufficient amounts of capital to sustain a lending institution.⁴

Educating economists regarding the importance and attainability of an international housing program, then, was one of the main aims of a portion of the American housing industry in the late 1950's. Two other objectives were to promote the savings and loans systems in other countries and to pass legislation guarantying US investments in housing abroad.

In 1956, there was some success in self-help housing projects outside the mainland USA, and this intensified interest in further aid to these countries. The First Federal of Santurce, Puerto Rico, a financial institution begun in 1948 by Enrique Campos del Toro, reached a savings fund in 1956 of \$30 million.⁵ It was supported primarily by low income families and its success served as proof to anti-housing authorities that low-income families could maintain a financing institution successfully. Also, in Peru, Father Dan McLellan established a successful housing-oriented credit union based on low-income families' savings, again serving as an example of the plausability of a financial institution supported by a low-income group.



The interest and success displayed by these Latin Americans in the area of housing and self-help influenced and probably led to the meeting in 1956 between some of the members of the housing industry in Peru and in the United States. Mr. Pedro Beltran, head of the Peruvian Commission on Housing and Agrarian Reform, publisher of a major newspaper in Peru, and future organizer of the first Peruvian Savings and Loan association, requested that United States experts assess the feasibility of establishing an Savings and Loan system in Peru.⁶ The team of experts invited included, Stanley Baruch, a member of ICA and later the Director of the Office of Housing, Morton Bodfish, President of the International Union of Building Societies and Savings Associations, and Charles Sigety, the FHA commissioner.⁷ This initial meeting led to the creation and passing of legislation in 1957 for a Savings and Loan system in Peru and in 1959 to Beltran's creation of the InterAmerican Savings & Loan Union. This meeting may have led up to ICA encouraging the newly formed Development Loan Fund (DLF) to make a loan to the Peruvian system. Housing, however, was not a lending category in the 1957 legislation which established the DLF.⁸ This need in 1957 may have been one of the factors which led to ICA's involvement in the writing of the Foreign Assistance Act of 1961.

Several leaders of the housing industry were expressing an intensified interest in international housing programs at this time. In 1957, the Seventh Congress of the International Union of Building

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Societies and Savings Associations convened in Stuttgart, Germany. In his presidential address, Bodfish stated "I have only one major plea to those who have the responsibilities of leadership in their various countries and in the Union. It is that this begins an era of week-to-week and month-to-month activity in the Union so that the ideals of thrift and home ownership can be brought ultimately to the unserved two-thirds of the world population."⁹

Interested in Peruvian housing, Mr. Baruch traveled to Peru in 1958 as Housing Officer for Latin America, Africa and Europe, to analyze the plausability of starting a housing program in Peru. After gathering information about housing needs, he began to participate with efforts to pass the Foreign Assistance Act.¹⁰

Baruch and George Smathers, a Senator from Florida, were two of the individuals involved in the writing of the Foreign Assistance Act in 1961. Smathers was involved in the writing of the Act as a special favor to a constituent who wanted government resources for a Mexican program, which was eventually funded in the mid 1960's.¹¹ They were involved in the creation of Section 222 of the Act which authorized the U.S. government to guaranty loans made by private investors for housing in Latin America. Senator Sparkman was one of the most influential advocates for the Act, serving on the Foreign Assistance Committee and chairing the Senate Housing Committee. Claude Pepper, a Congressman today, Senator Jacob Javitz, Dante Fascell, Chairman of the Foreign Affairs Committee at the present



time, and Jim Wright, the current Speaker of the House were all involved in lobbying for the Foreign Assistance Act.¹²

In 1961, the Foreign Assistance Act created the Housing Guaranty program to encourage housing projects in Latin America. The initial guaranty authority was for \$10 million.¹³ The housing guaranty program was designed to be self-financing. Loans were to bear commercial rates of interest and had to compete in capital markets. The cost of the administration of the program was to be borne by fees levied on borrowers. The program still works largely in this manner today.

The first implementation of this program took place in Peru. In 1962, the Peruvian Government rewrote savings and loan legislation which created the *Promotora de Viviendas Populares S.A.* (BVP) and defined its role as regulator and administrator of the loans in the Housing Guaranty Program. BVP immediately began to promote the formation of associations in Lima and by 1962, there were ten such associations. BVP served as the Borrower in the first housing guaranty loan to Peru in 1963.¹⁴

The need for housing in Peru was clear. Lima's population share rose from 9.7% of the national population in 1940 to 17.1% in 1961.¹⁵ This explosion in Peru's population created a much greater need for housing. There was an inability to fill this need as illustrated by the fact that in 1961, Lima had approximately 123 individual squatter settlements in which roughly 25% of its population lived.¹⁶



The need for housing in Peru was coupled with a great interest within the US industry in financial involvement in a guaranty program. An article in the Wall Street Journal on June 6, 1963 stated "... Chase Manhattan, for instance, thinks that the \$1.4 million 15-year mortgage loan it will make to finance housing in Lima is an 'investment attractive enough to do' largely because the US has guaranteed 90% of the money. Without a guarantee 'a 15-year risk is a long time in Latin America' says a Chase official referring to the frequent fluctuation in many Latin currency values."¹⁷ This financial institution was interested in foreign investment but only with government-backing in the form of the Housing Guaranty program.

This mutual interest in a housing guaranty program in Peru and the United States, led to the first Housing Guaranty loan for a Peruvian project called Apollo I.

It was contracted on April 22, 1963 and authorized on December 5, 1962 for up to \$1,260,000. The amount actually disbursed, loaned by The Chase Manhattan Bank, was \$1,189,713.00. *Promotora de Viviendas Populares S.A. (BVP)*, the Borrower that borrowed this amount, repaid the entire amount March 19, 1980.¹⁸ The loan was administered by the *Banco del Progreso*, a Peruvian private bank. Subsequent Housing Guaranty loan programs used BVP as the administrator of the mortgages.¹⁹

AID issued a 90% guaranty and *Apollo Peru S.A.*, the builder of the project, issued a 10% guaranty on the amounts borrowed. The loan was paid back in US dollars in monthly installments over 15 years and bore an interest rate of 5 3/4% per year.²⁰

The Agency for International Development's role included: inspecting the houses to ensure that they had been constructed in accordance with plans and specifications approved by AID; obtaining mortgages on the homes; conveying title to the owner; drawing down loans under the Loan Agreement; and applying the proceeds to the mortgage financing required to purchase the houses, and receiving periodic mortgage payments and other charges payable by the homeowners and applying them to the payment of the loan.²¹

The project was conducted in two phases, both built in the "*La Victoria*" district, located 30-40 minutes by bus from downtown Lima, Peru. This district consisted of two sections of approximately 400 homes, owned mainly by low-income families.²²

The projects consist of single design 3-bedroom homes originally selling for 92,625 soles (\$3,456) with monthly payments of 1,200 soles (\$44.78). The selling price for the final section increased to 110,331 soles (\$4,117) with monthly payments of 1,412 soles (\$52.69) due to increases in construction costs.²³

Apollo families were a cross-section of people in a lower middle income group. 70% earned less than 6,000 Soles (\$225) monthly and

of the 30% who earned more, most were small merchants and shopkeepers whose business establishments were in the public market area "*La Parada*" near the project site²⁴ In 1962, 75.2% of the inhabitants of squatter settlements in Peru earned between 401 soles (\$14.93) and 1,600 soles (\$59.70) per month.²⁵ Therefore, comparably, the residents of the Apollo I were much better off and more upwardly mobile than the residents of squatter settlements.

The residents of the Apollo project were moving toward a higher social and economic status when they entered the project.²⁶ The average family size in the Apollo project was 6.25 people, with an average of 3.61 minors in each home.²⁷ Forty eight percent of the family income source was a single wage earner; 34% of the family income sources are two wage earners; and 18% are three or more wage earners.²⁸ A large percentage of the members (45%) of the project were between the ages of 31 and 40.²⁹ Many of the Apollo dwellers were small merchants and salesmen. Many were teachers, lawyers, medical doctors, and other white collar workers. Some were government employees and skilled workers. There was only a small percentage of unskilled workers in the Apollo project.³⁰

The residents of Apollo I formerly bought products they needed with cash and by 1967 they were using credit facilities.³¹ Only 23% of the residents were homeowners before entering the project and now, of course, they all own homes. Clearly, the project had a positive financial effect on these residents.



Because many residents were climbing the economic scale and were able to afford changes, many of them made additions and alterations to the original houses.³² In 1967, four years after construction, thirty houses had second floors under construction and ten had completed second floor additions. More than eighty owners had enclosed the front yard to build another room. There was a total of 14 residents who made straight improvements on the house and the average total value of this improvement was 20,000 soles (\$746). Only 3 out of these 14 residents used the loans to help pay for the additions; the rest paid in cash.³³

Attitudes toward the final project vary according to what viewpoint is taken. Although Peru suffered a currency devaluation in the 1970's, the amount owed to AID was entirely repaid by 1980, so from this retrospective point of view, it was a success. The lawyer involved with closing the loan, George Christopher, called the program a success, saying that "a lot of pride was shown by the residents of the project."³⁴

One study said that the project "resembles an island: it is surrounded by an ocean of traffic." A public marketplace 5 blocks from the project caused large masses of people to pass around the Apollo project. There was heavy traffic on both main access roads to the project.³⁵

The residents of the project itself were lacking in enthusiasm. 34% of people in Apollo believed the area had been improved with the



construction of Apollo but 53% of the people moving to a different project built later decided to buy in that community instead of in Apollo because they considered the Apollo area unsatisfactory. Also, according to a 1967 study, only 53% of the residents knew about United States involvement even though 84% have lived in Apollo for 2-3 years.³⁶

A 1967 study on the program indicated that one of the major problems was that no assistance was available for residents wishing to modify or add to their homes. Municipal authorization was required for the addition or alteration of the homes, however 38% of the residents were unaware of the restriction.³⁷ The Apollo Homes Association was created and, in some ways, filled this need.

Jorge Guzman, twice elected President of the Association, said that the Apollo Homes Association was formed, "(b)ecause there were a number of deficiencies in the project, a lack of some facilities, and common problems that had to be solved."³⁸ Through working with the municipality, public servants of the community, and members of the Home Association itself, the association succeeded in reducing closing and public service costs. They improved their water supply and park maintenance, installed public telephones, and created liaisons with public authorities. Finally, they were successful in promoting youth organizations and recreational activities in the community.



One AID representative described the initial effort in Peru as having no quantitative impact, as being "all style, no substance."³⁹ This realization caused a change in housing ideology. It was decided that the most effective way to make an impact was to replicate Savings and Loan Associations, providing seed capital for technical assistance to create adaptive programs in these countries.

A handwritten signature or set of initials, possibly "V.S.", located in the bottom right corner of the page.

FOOTNOTES

- 1 Christian, James W., Ph.D., Around the World in 20 Years, National Savings & Loan League Journal, Volume 32, Number 11, November 1977, p1.
- 2 Telephone interview with Mr. Stanley Baruch on August 6, 1987.
- 3 Morris, Patrick F., Twenty-Five Years Of AID Housing Activities in Peru: A Record of Leadership, Imagination and Innovation, 1957-1982,
- 4 Christian, James W., Ph.D., Around the World in 20 Years, National Savings & Loan League Journal, Volume 32, Number 11, November 1977, p2.
- 5 Ibid,p.2
- 6 Ibid, p2.
- 7 Telephone interview with Mr. Stanley Baruch on August 6, 1987.
- 8 Morris, Patrick F., Twentyt-Five Years Of AID Housing Activities in Peru: A Record of Leadership, Imagination and Innovation, 1957-1982, p. 5.
- 9 Christian, James W., Ph.D., Around the World in 20 Years, National Savings & Loan League Journal, Volume 32, Number 11, November 1977, p.2.
- 10 Telephone interview with Mr. Stanley Baruch on August 6, 1987.
- 11 Ibid.
- 12 Ibid.
- 13 Annual Report 1971 for Office of Housing, back cover.

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Morris, Patrick F., Twenty-Five Years Of AID Housing Activities In Peru: A Record of Leadership, Imagination and Innovation, 1957-1982, p. 5.

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Urban Policy in Peru, Document of the World Bank, October 6, 1981, p.60

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Financial Summary, September 30, 1986.

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Morris, Patrick F., Twenty-Five Years Of AID Housing Activities In Peru: A Record of Leadership, Imagination and Innovation, 1957-1982, p. 5.

20

Book of Contracts, Administrative Agreement

21

Ibid, p.3.

22

Jack Edmondson and Marlo Pita, Foundation for Cooperative Housing, Community Action for Better Neighborhoods: An Analysis of Community Organization Prepared for the AID Investment Guaranty Program, June 1967, p.7.

23

Ibid,p. 7.

This document uses the conversion rate of 26.80 soles equals 1 US dollar in 1963.

24

Jack Edmondson and Marlo Pita, Foundation for Cooperative Housing, Community Action for Better Neighborhoods: An Analysis of Community Organization Prepared for the AID Investment Guaranty Program, June 1967,p.8.

25

Harris, Walter D. and Hosse, Hans A. and Associates, Housing in Peru, Pan American Union, 1963, p. 591.



26

Jack Edmondson and Marlo Pita, Foundation for Cooperative Housing, Community Action for Better Neighborhoods: An Analysis of Community Organization Prepared for the AID Investment Guaranty Program, June 1967, p.8.

27

Ibid,p.9.

28

Ibid,p.8.

29

Ibid,p24.

30

Ibid,p24.

This information is extrapolated from Table IV.

Table IV

Professions of Apollo Dwellers

Government Employees	16%
Unskilled Workers	7%
Skilled Workers	11%
White Collar Workers	15%
Teachers,lawyers,medical doctors	20%
Small merchants and salesmen	31%

31

Ibid, p.9.

32

Ibid, p. 24.

This information is taken from the following statistics: there was at least some change in 84% of houses, future changes are planned for 50% of the houses, 95% families are pleased with their homes.

33

Ibid, p.11.

34

Interview with George Christopher on August 6, 1987.

35

Jack Edmondson and Marlo Pita, Foundation for Cooperative Housing, Community Action for Better Neighborhoods: An Analysis of Community Organization Prepared for the AID Investment Guaranty Program, June 1967, p.8.

36

Ibid,p.9.



37

Ibid, p.11.

38

Ibid, p.12.

39

Telephone interview with Mr. Stanley Baruch on August 6, 1987.