

New government programs are seeking to make home mortgages available to a larger proportion of the population. President Zedillo has promised to boost spending on public housing by 25 percent in his first year in office as part of a larger effort to improve the standard of living of the poorest segments of society.

Very high interest rates resulting from the sharp devaluation of the peso are likely to delay these programs. Nonetheless, the government has a long-run commitment to increasing the role of the private sector in the development of housing for low- to medium-income families.

URBANIZATION

For decades, Mexico's industries have been heavily concentrated in the vicinity of Mexico City, with Monterrey and Guadalajara serving as secondary hubs. Encouraged by government policies, millions of Mexicans migrated to the capital to find jobs. This rapid urbanization created severe social problems and resulted in Mexico City becoming the most polluted city in the world. A major earthquake in 1985 greatly exacerbated these problems.

To counter these deleterious effects, the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, has embarked on a massive program to develop 114 medium-sized cities. Known as the *Programa de las 100 Ciudades*, 100 Medium Cities Program, it aims to create attractive alternatives for rural migrants, to encourage balanced growth and to reduce environmental impacts.

The designated cities are distributed across all 31 states. The program encompasses infrastructure development, pollution abatement and the development of social service facilities. Each of the cities has been assigned to one of four project phases according to their priority for development. The program began in 1990, and the second phase was scheduled for completion in 1994.

HOME BUILDERS

There are more than 10,000 firms and contractors that build homes in Mexico. The majority of new housing projects are built by 500 or so large- and medium-sized developers.

Mexican home builders tend to specialize in a particular price range. *SADASI*, for example, builds only low-income housing; *TECNIKON* specializes in resorts and high-income housing projects. Kaufman & Brand focusses on middle- to high-income housing.